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## FINAL REPORT

### EVALUATION OF THE SUDAN TRANSITIONAL ASSISTANCE FOR REHABILITATION (STAR) PROGRAM

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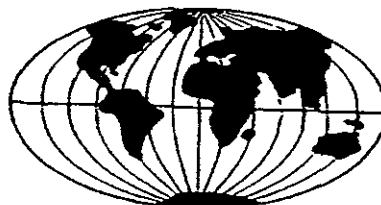
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## ACRONYMS

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ARO	Africa Regional Office (USAID)
BHR	Bureau for Humanitarian Response (USAID)
BYDA	Bahr el Ghazal Youth Development Association
CDC	County Development Committee
DATT	Development Assistance Technical Team
GOS	Government of Sudan
IDEAS	Institute of Development, Environment and Agricultural Studies
IDP	Internally Displaced Person
IGAD	Inter-Governmental Authority on Development
LOGOS	Local Government Strengthening Program
NDA	National Democratic Alliance
NGO	Non-Governmental Organization
NPA	Norwegian Peoples Aid
NRMUC	Natural Resources Management and Utilization Committee
NSCC	New Sudan Council of Churches
OFDA	Office for Foreign Disaster Assistance (USAID/BHR)
OLS	Operation Lifeline Sudan
PHCC	Primary Health Care Center
PHCU	Primary Health Care Unit
REDSO/ESA	Regional Economic Development Services Office/East and Southern Africa (USAID)
SPAST	Strategic Planning Agency for the Sudan Transition
SPLA	Sudanese Peoples Liberation Army
SPLM	Sudanese Peoples Liberation Movement
SRRA	Sudan Relief and Rehabilitation Association
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WFP	World Food Program
WHO	World Health Organization



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## **EXECUTIVE SUMMARY**

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### **INTRODUCTION**

Sudan is the largest country in Africa, with a total area of 2.5 million square kilometers and a population of about 35 million people. A civil war between the armed forces of the Government of Sudan (GOS) and those of the Sudan Peoples Liberation Movement (SPLM), has been waged in parts of the country for the past 19 years. For most of this period, the international community including the U.S. has been providing humanitarian and emergency relief aid to the Sudan to offset the shortages of food and other commodities caused by the war and by periodic drought. While it has been beneficial in terms of lives saved and epidemics halted, the relief aid has also fostered a dependency on external assistance, even in areas where little conflict had been seen for years.

### **THE GENESIS OF THE STAR PROJECT AND ITS OBJECTIVES**

In 1994, the U.S. began to shift the thrust of its assistance program from one geared to providing relief aid to one that supported local capacity building and economic rehabilitation projects aimed at expanding food production, restoring markets, and facilitating resettlement. In addition, greater emphasis was put on self-reliance by encouraging Sudanese to take charge of their own development activities and to meet local needs to the extent feasible with locally produced goods.

The STAR program was initiated in 1998. The overall Strategic Objective of the project was to increase participatory development and good governance practices in opposition-held areas, while reducing the heavy reliance in many of these areas on relief. The program's other key objectives included the increased participation of civilians in community-level administration, rehabilitation of dwellings and infrastructure, the implementation of small-scale economic development programs; increased levels of accountability, transparency, and respect for human rights among civil authorities; and the increased capacity of institutions to foster democratization and good governance.

### **PURPOSE OF THE EVALUATION**

The purpose of the evaluation was to measure the impact of the STAR project on communities located in selected opposition-administered areas that have been relatively stable for some time, i.e., southern Bahr el Ghazal and western Equatoria. The Team was also asked to assess the sustainability of project interventions in these areas; to identify key issues and problems that should be addressed during the next phase of STAR; and to propose options for the design of the next phase of STAR.

### **THE PROJECT'S FOUR COMPONENTS**

Initially, the STAR project had two components: a Grant Making/Capacity Building (GMCB) component and a Civil Administration Training Program component. Two new components

were added at the end of FY 2000: a Strategic Analysis/Capacity Building (SACB) component and a Social Organization and Administrative Rehabilitation (SOAR) component.

**(1) THE GRANT MAKING/CAPACITY BUILDING (GM/CB) COMPONENT**

The Grant Making/Capacity Building (GM/CB) component encompassed the implementation of a micro-finance program through which investments that were part loan and part sub-grant were made to finance rehabilitation activities undertaken by grass-roots organizations. The loan part, which covered the purchase of capital equipment and supplies, was then paid back to a Revolving Fund that was managed by a County Development Committee (CDC) and was to be used to finance other rehabilitation activities. .

**(2) THE CIVIL ADMINISTRATION TRAINING PROGRAM COMPONENT**

UNICEF was responsible for initiating and implementing the various activities funded under this component of the STAR project. These activities were focused on the promotion of certain humanitarian principles, e.g., transparency, accountability, participatory decision making, and human rights. This was to be accomplished through workshops that were conducted jointly by UNICEF and the Sudan Relief and Rehabilitation Association (SRRA) through civil administration training courses and civil society conferences, and by providing support to implementing partners.

**(3) THE STRATEGIC ANALYSIS /CAPACITY BUILDING (SACB) COMPONENT**

The SACB component of the project was implemented by the Sustainable Development Office of USAID's Africa Bureau and was designed to provide technical assistance and support for Sudanese-led analytical studies, field surveys, workshops, and strategic development training in the agricultural and natural resource sectors. The studies and field surveys, in turn, were to contribute to agriculture and natural resource policy development in southern Sudan by providing estimates of the quantities and types of resources available, by providing assessments of their socio-economic importance, and by identifying constraints to their development and exploitation.

**(4) THE SOCIAL ORGANIZATION AND REHABILITATION (SOAR) COMPONENT**

The SOAR component was implemented by a consortium which included the International Rescue Committee (IRC), Christian Aid (CA), and Catholic Relief Services (CRS). Activities funded under this component were aimed at improving the rule of law through civic education and judicial strengthening; the reconstruction of school facilities; and provision of capacity building assistance including training for local authorities in NDA-administered areas of activities aimed at strengthening the health administrations in two southern counties and eastern Sudan.

## **SUMMARY OF THE EVALUATION TEAM'S FINDINGS AND CONCLUSIONS**

**STAR has helped to put in place a basic framework of local governance and has created awareness on the part of senior public administrators of the need for accountability and transparency in managing and monitoring budgetary and accounting activities.**

But, it has also shown the limitations and difficulties inherent in trying to launch a development program without first ensuring that a competent and well-trained civil authority is in place to implement such a program, and that an enabling environment has been established to facilitate its implementation. These are pre-requisites to development that will need to be addressed in any proposed follow-on program of assistance.

**While generally successful in achieving its objectives, the STAR program exposed several challenges for any successor projects aimed at continuing to support the transition from relief to development assistance.**

To be effective, the transition will require the institution and implementation of more effective civil administration training programs and the technical assistance needed to ensure that such programs lead to the emergence of an enabling environment that is conducive to the success and sustainability of development-related initiatives. Accordingly, for any future follow-on assistance program, capacity building and the establishment of an enabling environment for development-related initiatives must be viewed as priorities.

**The creation of the CDCs was viewed by the Team as a step forward in efforts to increase the participation of civilians in community-level administration, rehabilitation, and small-scale economic development programs.**

The establishment of DATT by the SPLM to serve as a catalyst in mobilizing resources from development partners and in working with them to find ways to reduce the area's heavy dependence on relief while increasing donor support for productive economic activities, was also a step forward.

**The difficulties encountered by County Development Committees (CDCs) in managing micro-finance programs indicate that they were more suited and could be better used as planning entities to analyze local constraints to development and to find ways to overcome these constraints on a decentralized basis.**

As county-level development-oriented institutions, the CDCs are well positioned to bring technical assistance to bear where it is most needed to resolve local problems and to serve as a managerial and technical backstop. They are also well positioned and appropriately staffed to identify and initiate, and direct and manage public sector investments in new economic capacity. This would, of course, require that they find ways to underwrite the cost of implementing these activities.

**Team interviews generally confirmed the view that, since 1998, living conditions have improved in most of the stable opposition-administered areas where the STAR program has operated.**

However, there are no quality of life indicators or welfare indexes to support this finding. Abundant rainfall, reduced levels of inter-tribal conflict, and agricultural surpluses were viewed as key factors behind the improvement. The ongoing war, its impact on agricultural trade, a transport system in disarray, the lack of a common currency, the lack of transparency in the application of SPLM tax collection and fiscal measures, and inadequate financial management and budgeting systems were key constraints to achieving greater progress.

**Limited progress was made under the STAR project in filling key positions in the civil authorities and in developing policy and regulatory frameworks for governing.**

Considerably less progress was made in increasing levels of accountability, transparency, and respect for human rights among civil authorities, and in increasing the capacity of institutions to foster democratization and good governance.

**The team considers it unlikely that the projects initiated under STAR will be able to continue operation once the implementing partners cease active involvement in a project's functioning.**

In some cases, STAR partners have developed management skills among project leaders, but the Team found few instances in which project members would be able to run their projects independently of support from STAR partners and the STAR project

**STAR did not significantly increase the representation and decision-making power of women within beneficiary civil society groups and civil authorities.**

This can be attributed to the absence of a strategic plan to address gender issues and to the lack of consultation with stakeholders on how to effectively address the "gender gap". There is also a lack of in-depth awareness of gender issues at the donor level and among partners.

## **A DATT RECOMMENDATION THAT SHOULD BE ADDRESSED DURING THE DESIGN OF STAR II**

DATT has noted that the options cited by the Team with respect to the design of a second phase and the recommendations made by the Team on the basis of its evaluation are extremely important. Accordingly, DATT has called for a series of meetings of stakeholders to be held, before the implementation of the CRS component of a STAR II project is allowed to proceed. This would provide an opportunity, through dialogue, to ensure that appropriate priorities and realistic objectives are set for a comprehensive development program in south Sudan.

## **AN OPTION THAT SHOULD BE CONSIDERED DURING THE DESIGN OF STAR II**

USAID should consider designing STAR II in a manner that will permit it to be implemented in terms of two major components or sub-projects: one geared towards facilitating the regional expansion of STAR, the other towards consolidating the gains made to date in the original set of participating counties. At some point in the future, perhaps in 3-4 years, an overall consolidation of effort might be feasible and will be necessary at such time as a national level of governance comes into play.

## THE TEAM'S RECOMMENDATIONS

**USAID should consider incorporating the following four discrete project components or activities in designing the second phase of the STAR Project:**

***(1) A strategic analysis and development program coordination activity***

This component should follow-up on the SACB component of the STAR Project. Funding should be provided to support and expand to other sectors the kinds of analytical activities that were undertaken during the initial STAR Project. The overall objective of this component should be to bring about the establishment of a strategic framework that would serve to effectively link the beneficial exploitation of southern Sudan's resource base, SPLM economic development initiatives, and USAID development assistance programs and plans

***(2) An economic rehabilitation and enterprise development program.***

This should build on and follow-up on the Grant Making/Capacity Building (GMCB) Component. It should also undertake to expand to other counties efforts initiated under the GM/CB component to assist civil society groups in establishing Country Development Committees (CDCs), thereby enabling them to work closely in drafting and implementing development strategies for their counties.

***(3) Implementation of the Local Government Strengthening (LOGOS) program***

USAID has already approved this program, which will build on the Civil Administration Component of the STAR Project.

***(4) A program of activities that is designed to enhance self-reliance at the local community level through women's empowerment, conflict resolution, capacity building, and community development***

Christian Aid's strategy under the SOAR component, of working through community based organizations (CBOs) to implement their capacity building activities, proved to be a very efficient and successful approach. This component of the STAR II project should build on that success.

**USAID should seek to forge monitoring and support linkages between its development assistance strategy and the comprehensive strategy for rehabilitation, reconstruction and socio-economic development currently being developed by the SPLM's newly-established Strategic Planning Agency for Sudan Transition (SPAST)**

The Team has noted that providing assistance that will enable the Sudanese to take charge of their own development constitutes one of the basic operational principles underlying implementation of the USG's Integrated Strategic Plan governing assistance to Sudan for 2000-2002. In line with its efforts to support SPLM efforts to develop a greater reliance on their own resources, the team recommends that the USAID take steps to ensure that the U.S. Government's current Integrated Strategic Plan governing USAID assistance to Sudan, is modified as warranted to support the SPAST initiative

**Efforts should be initiated to build up the gender capacity of the Sudan program at USAID**

This should entail hiring an experienced gender specialist for the Sudan program or allocating experienced personnel available at USAID to the Sudan Office. It should also entail working with partners that have a good gender "track record" to build up the capacity of existent and active Sudanese women's groups and consulting extensively with Sudanese women's groups (both in Sudan and Nairobi) to ensure that USAID projects address key gender issues.

**USAID should increase the local presence in southern Sudan of expatriate expertise and management**

Experience under the STAR project has shown the limitations of relying on long distance project management in implementing development assistance activities in southern Sudan. The long-term local presence of expatriate and local experts would have enhanced STAR's performance. Any follow-on project should require that local resident advisors be recruited to monitor and assess the performance of STAR activities, and to make timely adjustments in the way programs are being implemented and services provided

**The Scope of Work for the Economic Rehabilitation Program's (ECREP) should be revised to support the implementation of micro-finance programs**

While the STAR program was officially ended on June 30, 2002, GM/CB program activities have been extended under the ECREP contract with CRS until 2004. ECREP's scope of work should be revised to facilitate the implementation of micro-finance programs. Specific modifications to the way ECREP operates should include the following:

**(1) *Grant-making activities should be phased out and limited to "extreme" cases.***

More efforts should be invested in the recuperation of outstanding loans and the immediate activation of any repayment agreements or understandings with delinquent loan recipients, before the first USAID-supported micro-finance institution (MFI) has initiated its operations.

**(2) *Deposit services should be offered by local micro-finance institutions at an early stage***

Although the economy in southern Sudan suffers from a notable lack of liquidity, deposit services should be offered by local MFIs at an early stage to instill a certain level of trust and commitment between the local population and newly instituted MFIs. Saving services should be incorporated in the micro-finance program development strategy to satisfy the unmet demand for savings accounts with formal depository institutions. The level of economic activity will determine the demand for savings services and the degree of importance of deposit services in the mix of financial products offered.

**(3) *Business development services should be incorporated in MFI programs or implemented separately when their inclusion would inflate effective micro-finance interest rates to unsustainable levels***

The institution of a business development services program is a *sine qua non* to the success of MFI projects especially in an environment where human capital has been depleted by war and

the pool of local skilled workers and professionals is limited. Targeted and adapted business development support efforts that are concentrated on business management, marketing, and pricing will improve the performance of loan recipients and ultimately limit default rates.

***(4) User friendly Management Information Systems should be developed for MFIs***

Operating in Southern Sudan is expensive. Keeping low overhead costs without affecting performance will be a crucial determinant of the success and sustainability of local MFIs. Efficient, user friendly, and adapted management information systems are key to the decrease of overhead costs and the implementation of efficient loan management activities.

***(5) The establishment of local Chambers of Commerce should be promoted***

Chambers of Commerce can play a catalytic role in private sector development especially in areas such as the southern Sudan region where businesses suffer from the existing institutional and regulatory vacuum. Local businesses need adequate representation to defend their interest from abusive tax and contribution practices. The portfolio of services provided by Chambers of Commerce to their members should be developed to include arbitrage services in the absence of commercial courts, marketing services, and business training programs.

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# EVALUATION OF THE SUDAN TRANSITIONAL ASSISTANCE FOR REHABILITATION (STAR) PROGRAM

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## I. INTRODUCTION

Sudan is the largest country in Africa, with a total land area of 2.5 million square kilometers and a population of about 35 million people. About one-third of the country's land area is now under the effective control of the Sudan Peoples Liberation Movement (SPLM), and has seen relative stability for several years. This area is endowed with fertile agricultural land, forests, fisheries, water, wildlife and minerals. Most of these resources have yet to be tapped and utilized for economic purposes. One-third of the population (about 8 million people) currently live in areas controlled by the SPLM.

As the land area that has come under the effective control of the SPLM has been broadened, larger numbers of civilians are now living under the authority of opposition movements that are seeking to sustain their hold through the creation and strengthening of civilian administrations. Accordingly, USAID support of Sudanese-led rehabilitation (and to some extent that of one other donor, the Netherlands) has been focused on supporting the growth of civil society and on strengthening local civil authorities, enabling them to replace military rule with civilian legal structures and opening up opportunities for moving these areas from dependency on relief to economic development.

One of the inherent characteristics of humanitarian assistance is that it can foster dependency on external assistance, even in areas where little conflict has been seen for years. The U.S. Government has provided more than \$1.0 billion in emergency relief aid to Sudan over the past 10 years. This assistance has been extremely beneficial in terms of lives saved, epidemics halted, and communities sheltered from the ravages of the civil war and ethnic conflict. However, it has also fostered a sustained dependency on external assistance, even in areas where little conflict has been seen for years.

Since 1994 the U.S. relief program has tried to reduce this dependency by shifting to a development assistance approach, putting greater emphasis on local capacity building and rehabilitation to expand food production, and to reinvigorate markets and encourage resettlement. Activities supported by USAID have included seed production, road rehabilitation projects, and the establishment of barter shops, food markets, and cooperatives. In addition, greater emphasis has been put on self-reliance by encouraging and helping Sudanese to take charge of their own development and to meet local needs with local resources to the extent feasible. A greater share of the funds provided is being programmed for capacity-building activities, while the relief programs that are still being implemented are increasingly being coordinated and managed by Sudanese.

There are several formidable obstacles, however, inhibiting these shifts to a development mode of assistance and towards a greater degree of Sudanese self-reliance. While the pre-war period was characterized by a policy of "closed districts" which prevented development activities from proceeding in much of the South, including paved roads, the lack of maintenance capacity of a central or regional authority will be a central obstacle to any future infrastructure investment by USAID or other donors. The capacity of Sudanese living in rural areas to manage economic



development has historically been insufficient, while years of conflict have caused a drain of educated Sudanese out of the country. And there are few educational and training facilities in place through which to replace those who have left. The disarray of financial systems in the conflict-ridden areas of Sudan has been a major constraint on efforts to expand markets and a deterrent to increased investment in productive activities.

#### **A. PURPOSE OF THE EVALUATION**

The purpose of the evaluation is to measure the impact of the STAR program on communities located in stable opposition-administered areas of Sudan. Also, to assess the sustainability of the program's interventions in these areas; to identify key issues and problems that need to be addressed during the next phase of STAR; and to propose options for the design of the second phase of STAR.

#### **B. METHODOLOGY OF THE EVALUATION**

In conducting the evaluation, Team members employed and benefited from a variety of approaches. They received briefings and reference documents from USAID staff in both Washington, DC and at the REDSO/ESA/USAID Office in Nairobi. They collected additional documentation during meetings and interviews conducted individually and as a group with STAR project stakeholders (implementers, beneficiaries, indirect beneficiaries, civil, military and religious authorities) as well as representatives of non-partner organisations in Nairobi, Lokichokio, Rumbek, Mapourdit, Alol (Wulu), Yambio, N'Zara, Kotobi (Mundri), Maridi, Yei, Rubeke and Lasu.

Upon returning to Nairobi after a 16-day field trip to southern Sudan, the Team made verbal presentations of their preliminary findings and recommendations to REDSO/ESA/USAID, CRS, IRC, Christian Aid, and DATT staff. CRS and DATT staff were also present for most of the meetings and some of the interviews conducted by the Team and Team members during their field trip.

#### **C. PROJECT BUDGETING AND FUNDING OUTLAYS**

During its evaluation, the team attempted to examine all aspects of project budgeting and outlays to determine what percentages of funds were allocated to beneficiaries and how much had been allocated for overhead and external expenses. It also sought to determine if steps had been and were being taken to reduce overhead and management expenses so as to maximize the level that was ultimately received by beneficiaries. The team made it a point during interviews to examine the appropriateness, efficiency (in terms of timeliness of reviews and approvals/rejections) and effectiveness of STAR component processes being used for the submission and review of sub-grant proposals. It also reviewed cash flow, turnover rates, expenditures and loan repayments of sub-projects with a view to assessing project viability. This was done to determine whether the sub-projects were actually making money or simply circulating sponsor funds. The team's findings with respect to this component of the evaluation are set forth where relevant, in Section IV below.

## **D. INFORMATION SYSTEMS MANAGEMENT**

The evaluation team, as directed, looked into the systems and methods used by USAID, CRS, IRC, DATT, NRMUC, County Offices, and the CDCs, to compile fund allocation, budgetary, statistical, impact assessment and other information and data pertinent to the management of STAR-funded activities. Where feasible and as time permitted, the team examined published documents to assess the ability of project managers to collect data; the quality of the data collected; how the data were collected; and the purposes for which it was used. It also sought to ascertain and to suggest, where appropriate, the kinds of accounting, budgeting, computing and management classes project managers needed to attend. In this regard, it was noted that with the exception of the IDEAS complex located at Yambio, which is the site of a high-tech information facility, most of the information systems used by county officials, business and project managers in southern Sudan, are rudimentary.

It was also noted that dis-aggregated gender data were sparsely available in USAID partner reports. CRS presented overall dis-aggregated gender data for beneficiaries, but no details, such as the respective numbers of women and men receiving particular benefits (like training), and no gender impact analysis. Other donors presented virtually no dis-aggregated gender data with the exception of a report on the Yambio course offered by UNICEF, which gave numbers of women trained and some analysis of women's benefit from the course, linked to their prior level of education. In general, however, there was usually no analysis as to why women participate less when this is clearly the case. The absence of gender sensitive data collection and analysis is particularly regrettable in the case of Sudan, where the marginalization of women is extreme.

## **II. THE GENESIS OF THE STAR PROGRAM AND ITS OBJECTIVES**

The STAR program was initiated in 1998 as an attempt to address and change the pronounced culture of "relief dependency" that had set in due to the prolonged war. The development hypothesis behind the program was the expectation that twinning economic rehabilitation activities with improvements in the governance capacity of local level civil authorities and civil society, would lead to a greater role for Sudanese in setting and achieving development priorities in line with the Strategic Objective of the program. Since 1994, the US relief program had tried to reduce dependency by "doing relief developmentally", which entailed putting increased emphasis on local capacity building and the rehabilitation of roads, barter shops, food markets, agricultural cooperatives, and seed production facilities.

### **A. THE PROGRAM'S FOUR COMPONENTS**

Initially, the STAR program was comprised of two components: a Grant Making/Capacity Building (GM/CB) component and a Civil Administration Training Program component. Two new components were added at the end of FY 2000: a Strategic Analysis/Capacity Building (SACB) component and a Social Organization and Administrative Rehabilitation (SOAR) component.

#### **1. *The Grant Making/Capacity Building (GM/CB) Component***

The Grant Making/Capacity Building (GM/CB) component of STAR encompassed a broad range of activities and was aimed at increasing participatory democracy while at the same time

reducing heavy reliance on relief. It was implemented by Catholic Relief Services (CRS), an agency that had been involved in relief activities for some years. The mandate given to the GM/CB component differed from its predecessor activity, an umbrella grant, which was focused on maintaining a food security platform. Through the GM/CB component, CRS worked closely with civil society groups assisting them in establishing Country Development Committees (CDCs) that were, in turn, tasked with formulating development strategies and with implementing development programs for their counties.

Support was also provided under the GM/CB component for the development of community-based organizations (CBOs) including women's groups, farmers' groups, business groups, and educational activities. These activities were also implemented under the CRS contract. The mode of USAID/CRS assistance for CBOs involved providing funding for the physical construction or rehabilitation of structures needed to conduct operations, (e.g. for meeting or conducting business) and for training CBO members in such areas as human rights awareness, empowerment, and basic business skills.

Conflict in some areas was addressed directly through the STAR program, generally through grassroots people-to-people reconciliation activities. USAID support for these activities was most often provided through GM/CB to the New Sudan Council of Churches, which in turn financed logistics, preparatory work for grassroots peace conferences, and the facilitation of traditional dispute resolution/chiefs' conferences. Several of these reconciliation efforts were successful, enabling displaced persons to return to their home areas.

## ***2. The Civil Administration Training Program Component***

UNICEF was responsible for initiating and implementing activities under this component. The activities funded were focused on the promotion of humanitarian principles – transparency, accountability, participatory decision making, and human rights – through workshops conducted jointly by UNICEF and the SRRA; through civil administration training; civil society conferences; and support to implementing partners.

## ***3. The Strategic Analysis /Capacity Building (SACB) Component***

The SACB component was initiated in October 2000. It was designed to provide technical assistance and support for Sudanese-led analytical studies, field surveys and assessments, workshops, and strategic development training in the agricultural and natural resource sectors, including livestock and wildlife; forestry and indigenous wild foods; minerals; women and natural resources; and related legal and institutional frameworks. The analytical studies and survey work, in turn, were to contribute to agriculture and natural resource policy development in southern Sudan by providing estimates of the quantities and types of resources available and assessments as to their socio-economic importance, and by identifying constraints to their development and exploitation.

To achieve this objective, a collaborative arrangement was set up with the Natural Resources Management and Utilization Committee (NRMUC), which had been established in July 2000 by the Chairman of the Commission for Economy, Production and Physical Infrastructure. The NRMUC was given the tasks of reviewing existing policies on natural resources exploitation and utilization, formulating strategies for the utilization of natural resources, and advising the Chairman as to the timing and who should do what in terms of exploitation and utilization.

#### **4. *The Social Organization and Administrative Rehabilitation (SOAR) Component***

The SOAR component of the STAR project was implemented by a consortium, which included the International Rescue Committee (IRC), Christian Aid (CA), and Catholic Relief Services (CRS). IRC was responsible for implementing the health sub-component and the capacity-building program for local services providers in Eastern Sudan. Christian Aid was engaged in the judiciary and civil authority sub-components; and CRS was responsible for implementing the education sub-component.

The concept behind the SOAR/IRC sub-component was to use STAR funds to support a training program for County Health Administrators from all counties and to deliver health infrastructure equipment to the health departments of Mundri and Tonj Counties. The training would enable the health administrators to effectively manage and coordinate health services, while ensuring that in the pilot counties of Mundri and Tonji the administration had adequate facilities with which to work. The main objective of this activity was to develop models that would demonstrate to health administrators how they might establish accountable and efficient systems of administering health services, while also establishing the principle that patients must make a contribution in order to receive good health services.

The aim of the SOAR/Christian Aid activity was to carry out a program of training, institutional development and capacity building that would promote the concept of the rule of law and lead to a judicial system in southern Sudan that was consistent with the concepts of good governance.

The primary goal of the SOAR/CRS sub-component was to strengthen the capacity of community groups and civil authorities to build and maintain quality educational opportunities in opposition areas of south Sudan. The results to be achieved in pursuing this goal included expanded access, with a particular emphasis on girls, to an appropriate physical environment for learning, including better facilities and educational materials, and improved pedagogical skills of primary and secondary school teachers. A second goal was to increase the organizational and managerial capacities of communities and civil authorities to maintain school administrations.

An initial activity funded in FY 2001 under the SOAR/CRS sub-component involved the reconstruction of the Rumbek Secondary School. The school, which had been built in 1947 for boys only, was to become co-educational upon completion of the reconstruction project. The Educational Rehabilitation Program (EDREP), through which particular emphasis is being given to expanded access for girls, is currently the principal activity being implemented under this sub-component. It was approved in October 2001.

#### **B. *INSTITUTION OF THE EDREP AND ECREP PROGRAMS***

Two new three-year programs, the Economic Rehabilitation Program (ECREP) and the Education Rehabilitation Program (EDREP) were approved by USAID, starting October 1, 2001. ECREP was to serve as the follow-on program to the GM/CB activity whose expiry date had been set at December 31, 2001. EDREP represented an extension within the SOAR component, of CRS educational rehabilitation activities for an additional three years, with a new focus on girls' education. Subsequently, however, a no-cost extension proposal for the GM/CB and SOAR components was approved by the USAID to run through to June 30, 2002. The extension provided an opportunity to bring to completion activities that had been initiated and funded under the GM/CB component.

### **III. AN ASSESSMENT OF THE EXTENT TO WHICH THE STAR PROGRAM ACHIEVED ITS OBJECTIVES**

Team interviews generally confirmed the USAID view that, since 1998, living conditions have improved in most stable opposition-administered areas where the STAR program has operated. As indicated below, generally abundant rainfall, reduced levels of inter-tribal conflict and agricultural surpluses have been the main factors behind the improved conditions in these areas. At the same time, USAID efforts under the STAR program to increase the participation of civilians in small-scale economic development programs, and to increase the capacity of institutions to foster democratization and good governance, are generally viewed as constituting the first steps that need to be taken to achieve sustained improvement. Limited progress has been made to date under STAR in filling key positions in the civil authorities and in developing policy and regulatory frameworks for governing. As noted below in section III. B., a number of macro-economic and other structural constraints are impeding efforts to achieve other STAR objectives.

#### **A. FACTORS THAT HAVE ENHANCED THE ACHIEVEMENT OF PROJECT OBJECTIVES**

##### **1. *Generally abundant rainfall and agricultural surpluses***

Southern Sudan is endowed with a formidable natural resource base. The area designated as "New Sudan" covers 650,000 square kilometers (the combined size of Kenya and Uganda) with a population of a little over 5 million. The climate varies from humid tropical forest in the southwest to semi-humid, wooded and open savannah in the north and east. A population density of 8 persons per square kilometer means that there is plenty of land for both cultivation and extensive traditional livestock raising. Rainfall, while seasonal, is also generally abundant. The Equatorial Region receives from 1500 – 1800 mm per year, on average.

Production of a wide variety of crops is possible. In the north sorghum, sesame and groundnuts are the main crops. Cassava and sweet potato have recently been introduced and shea nuts are widely gathered and used by households. In the south and west, maize and sorghum are the principal cereal crops. Other tropical field crops such as cassava, sweet potato and rice are also widely cultivated. Throughout much of this area two crops per year are possible. Fruit is plentiful.

Some parts of southwest Sudan have been under the control of the SPLM for over ten years. Those areas more recently "liberated" have begun to produce surpluses since the SPLM decided in 1997 to return the secure zones to civilian administration. Even in the Rumbek region, which receives from 800 to 1000 mm of rainfall per year, surpluses can be produced most years.

##### **2. *The establishment by the SPLM of a Development Assistance Technical Team (DATT) to institutionalize community participation in the formulation and implementation of development programs***

The Development Assistance Technical Team (DATT) was established by the SPLM leadership to serve as a vehicle for achieving SPLM economic development objectives. In addition to providing technical advisory support to the SPLM leadership, DATT has been charged with

coordinating and monitoring the STAR program. It uses the STAR program as a catalyst to mobilize resources from development partners, working closely with them to formulate an action agenda aimed at reducing the region's heavy reliance on relief while increasing donor support for productive economic activities.

In an effort to institutionalize community participation in the identification, prioritization and implementation of development programs, DATT has been involved in expanding the capacities of County Development Committees (CDCs). It provides technical backup support to the CDCs, which are viewed as its county-level counterparts. Detailed information concerning the establishment and operations of the CDCs is set forth below in Section IV.A.

## **B. MACRO-ECONOMIC AND OTHER CONSTRAINTS TO THE ACHIEVEMENT OF PROJECT OBJECTIVES**

### ***1. A lack of transparency in the methods used to collect revenues***

With the creation of a civil administration, the SPLM has begun to collect taxes in the liberated zones of Southern Sudan. Taxes are a normal form of cost recovery for government; however, taxpayers expect an improvement in the availability of public services for any increase in rates. At present, the new civil administration seems to view the private sector as solely a source of revenues, and does little to exercise its facilitation role. Businesses and associations in the several areas that were visited by the evaluation team complained of a lack of transparency in the application of SPLM fiscal measures. This practice interferes with peoples' ability to manage their own businesses.

At the central administrative level, the main source of revenues is customs duties on goods entering Sudan from Uganda. A payroll tax is also collected, but this affects only employees of international NGOs operating in southern Sudan. The main source of revenues for local governments is a poll tax, which is divided into two parts: a Social Services Tax and a Liberation Tax. In principle, these two taxes amount to around \$4 each per household. They are collected at the Boma (village) level, usually by using traditional chiefs as rate collectors. The Team was told that a portion of what is collected (65-70 percent of the social services tax) is retained at this level to pay for local services. The rest is passed up to the next level (the Payam) where the same proportion is retained. The remainder is passed to the county. The same procedure is repeated at the regional and central levels, except that a small proportion is kept by local chiefs to compensate them for their tax collection services. All of the Liberation tax is destined for the SPLA. In this context, USAID has indicated that there is a debate about whether the true local tax distribution to SPLA, all sources, is 70%.

Exceptional taxes, such as the "bulls" tax and the grain tax, are authorized to defray the costs of supplying SPLA soldiers. It is nevertheless clear from interviews with farmers and businessmen that a number of other, "informal", taxes are collected by various authorities. For example, the police are specifically mandated to defray their costs through the collection of fees and fines. This means that transporters and traders pay small amounts at the many police roadblocks that are set up to "clear" their merchandise.

It is evident from even a rudimentary analysis of tax sharing policies that at least two-thirds of all fiscal receipts are destined for the support of the SPLA. What is left barely covers the overhead of local level administrations. Civil servants, who do not work for an office being subsidized by

an NGO, work as “volunteers”. The continuing lack of transparency in the tax collection process, combined with the lack of actual services in return for contributions, constitute serious constraints to the expansion of marketing and agribusiness activities.

## **2.     *The lack of a common currency***

Due to the state of civil unrest in Southern Sudan, there is no common currency in circulation. While the Uganda shilling is the most commonly accepted currency, dollars, Kenya shillings, Sudanese dinars and even the defunct Sudanese pound are all accepted in trade in various locations.

More than the lack of a single currency, a lack of liquidity in the economy as a whole hinders economic transactions. Most currency in circulation comes from NGO activities or as the result of trade in agricultural products and livestock with Uganda. The evaluation team noted several instances where people were ready to avail themselves of a service (i.e., a cereals mill) but could not raise the cash to pay for it, *even though they had surplus household production*, because they were unable to sell the latter for cash.

The SPLM central authority has plans to introduce a “new Sudanese pound” and even to create a central bank and a commercial bank. These plans do not seem to be particularly coherent at present. Indeed, it is arguable whether the introduction of a new currency that would likely have little, if any, convertibility or be backed by any kind of reserves would exacerbate rather than resolve the problem.

## **3.     *The ongoing war and its impact on agricultural trade***

As indicated above, the ongoing war between the SPLA/SPLM and the GOS is the overriding fact that conditions all development prospects in southern Sudan. Indeed, given the evident agricultural base for the economy of south Sudan, the prospects for rapid expansion of trade with neighbors like Uganda and Kenya are marginal at best. The economies of these countries also rely on the development of their respective agriculture sectors, so they are not likely to want to cede markets for agricultural products to south Sudan.

## **4.     *The need for an enabling environment***

The fact that the civil war receives the lion’s share of fiscal receipts is compounded by other institutional shortcomings:

- Lack of budgeting or fiscal management capacity at all levels, right up to the Central Authority;
- Local (county) unpaid civil service;
- Inadequate institutional support for agriculture and agribusiness and interference from civil authorities.

Yet another important element in the transition from dependency to development is how to phase-out the NGO role in the economy. At present, local civil authority does not have access to comparable resources since, as noted earlier, a major share of *all* tax receipts goes directly to the war effort.

## **C. STRUCTURAL CONSTRAINTS**

### **1. *High transport costs***

Roads in Southern Sudan are in a deplorable state of disrepair. For agricultural producers the one thing that most inhibits access to markets is high transport costs. The principal element in transport cost is the availability of well-maintained roads. USAID is well aware of this. In 1993/4 and again in 1997/8 it put \$2.5 million into repairs of the trunk road from the Uganda border to Bahr-el-Ghazal. Transport of relief supplies and food by road became possible at that time. Unfortunately, this road is again in as bad condition as ever. This is primarily because the oversize trucks employed by the World Food Program (WFP) and four main private transporters tear it up badly during the rainy season.

This situation might have been avoided had a permanent program been initiated that would have included measures for raising the necessary fiscal resources for maintenance of the road. In fact, the single most important maintenance structure for roads in Africa – rain barriers – was evidently not even included in the activity. It is also important to note that the responsibility for repair and maintenance of trunk roads normally rests with the central civil authorities. Up until now, the SPLM has demonstrated neither the will nor the capacity to effectively manage this important public service.

### **2. *Inadequate commercial infrastructure***

Farmers and traders in South Sudan are at a distinct disadvantage when it comes to finding markets for their products. Despite the existence of various social service structures at the village level, cereals mills, grain storage facilities, and even the simplest forms of commercial infrastructure are absent. Even in the larger towns, there is limited access to telecommunications, radio market reports, newspapers and commercial periodicals. This makes for a sense of isolation and dependence on local markets. Farmers and traders lack linkages to wider markets for both inputs and their products, including limited storage capacity and financial services.

### **3. *The lack of investment in public works***

The importance of the construction and construction materials sector to economic growth and development is well known. In a real sense, the liberated areas of Southern Sudan are in a reconstruction phase. The comments made above with respect to road repair and maintenance apply equally to the repair and maintenance of public buildings and infrastructures. The lack of investment in this sphere by either public authorities or the international NGOs has meant that significant opportunities for economic development have been missed. Money spent on rebuilding public infrastructures generally has an immediate incentive effect on small business creation. There are a number of Sudanese who would be able to manufacture bricks, roofing tiles and door and window frames locally, if they could have a reasonable expectation of selling them to enterprises with contracts for rehabilitating public buildings.

### **4. *Limited access to markets and market information***

Market conditions in southern Sudan are very difficult. The economy in general is plagued with a lack of absorptive capacity. This is reflected in the market by a shallow demand structure.



Because of the productivity of the natural resource base, subsistence is rarely a problem for people living in secure areas. However, access to consumer goods and even some necessities such as medicines is severely constrained by the distances that one must travel to find them, the time it takes to navigate the terrible roads, and the price of the final product. In an economy characterized by a lack of liquidity, the prices of goods and services are more often expressed in equivalents of grain, goats or cattle than in monetary terms.

Moreover, prices and other market information are difficult to access. Nearly all consumer goods are bought in Uganda and laboriously transported to final destinations by road. This probably means that most items are nearly double the original purchase price once they reach the local market. International NGOs have helped with the provision of medicines and famine relief but, increasingly, it is local Sudanese traders who provide the basic goods and services to ordinary citizens. This transition, too, has led to distortions. Grain brought in for humanitarian relief in one area prejudices production and marketing possibilities for the private sector in other, more secure areas.

Markets in southern Sudan are thus characterized by a localized demand structure. They are distant from sources of supply and isolated from wider markets. Nevertheless, one finds that even under these highly constrained conditions a highly motivated and entrepreneurial trading culture will emerge once people can be sure that some kind of basic security can be assumed.

#### **IV. ASSESSMENT OF THE EXTENT TO WHICH THE GM/CB COMPONENT ACHIEVED ITS OBJECTIVES**

##### **A. THE GRANT MAKING/CAPACITY BUILDING (GM/CB) APPROACH TO ECONOMIC REHABILITATION**

The GM/CB approach to economic rehabilitation was focused on facilitating the transition to development by providing an inflow of resources (capital, technology, etc.) appropriate in the context of predominantly rural southern Sudan. And indeed, funds channeled through the GM/CB to support the creation of revenue generating activities have had an undeniable confidence building effect on local markets. The establishment of the County Development Committees (CDCs) has also had a beneficial effect through its efforts to engage and collaborate with community groups in guiding the development process.

The concept of the CDCs was built on the need to have broad based local development bodies capable of providing a development framework, vision, mission, goals, objectives, and strategies, and capable of demanding accountability of humanitarian agencies to the population they serve. The CDCs, which have been established in 17 counties to date, draw 70 percent of their membership from civil society institutions such as women's organizations, cooperatives, farmers, traders, and disabled persons associations, and 30 percent from the civil authorities, and constitute an interface between civil society and civil authorities. Accordingly, they provide an opportunity for the civil society and the authorities to sit at the same table and plan development strategies for their counties.

A CDC credit management training manual was also developed under the GM/CB component. The manual which was designed primarily by DATT, CRS and technical consultants, was crafted to allow CDC operational staff, with minimal training and varying degrees of competence in

financial management, to understand the fundamentals and to utilize a credit management system from the outset. It was also comprehensive enough to enable users to manage the operational, administrative, and financial functions associated with credit management systems; to schedule and collect re-flows from GM/CB loan-funded income generating projects; and to maintain County Development Revolving Funds that had been set up to recycle loan proceeds.

## **B. THE IMPACT OF GM/CB ACTIVITIES ON THE PRIVATE SECTOR**

### ***1. The criteria applied for the selection of business development proposals***

Unfortunately, the criteria set for the selection of business development proposals generally put more weight on the social impact of the activities than on their business viability and financial sustainability. The proposals do not qualify as business plans as no thorough marketing assessment or financial analysis was conducted prior to the approval of the projects. In almost all observed cases, submitted budgets overestimated the size of the market while underestimating projected costs. The list of expenditures often failed to include obvious items such as spare parts, operating costs, number of employees needed, transportation costs, and gas. However, proposals were put in the required format and sent to Nairobi for approval without proper analysis and verification of the information included. As a result several subsidized businesses are now underperforming if not idle for lack of a suitable market, availability of experienced mechanics, or absence of spare parts. To illustrate, three out five supported grinding mills in Rumbek are inactive because of mechanical problems and the absence of well-trained mechanics. Rural grinding mills were under performing given the limitations presented by the small size of the local market, far distances between the mill and potential clients, and the lack of resources of potential clients who prefer to use “free” traditional grinding methods.

The Rumbek lulu oil processing facility is a good example of how an inappropriate and unsustainable technology was in some cases procured as a result of an overestimation of the potential market size. An oil processing machine was procured with the anticipation that the processed lulu oil was going to be exported to international markets. Oil production started before any potential buyers were identified. Gallons of oil were processed and stockpiled for months. The local CRS project manager recently convinced the Lulu oil association members to start selling their products locally. The products are being sold at a loss when considering that no loans have been paid back yet and that gas for the oil processing machine and product transportation to the local market are subsidized through the GM/CB component. A careful assessment of the potential market at the proposal stage might have led to the procurement of a smaller capacity processing machine using a labor-intensive and affordable technology. The project would have been more sustainable as a result of the reduction of input costs (gas, spare parts, and maintenance). As it now stands, the lulu processing facility cannot survive without the constant endowment of additional subsidies.

A predominant number of revenue generating activities supported by GM/CB were grinding mills and transport associations. None of the transport associations interviewed was in a position to repay the interest free loans that they had received to purchase trucks. The level of the loans (\$35,000 on average) was simply too high and could not be repaid given the low level of revenue generated by the transport associations in general and the sporadic nature of their activities. Most of the trucks were inactive for long periods due to mechanical problems, the high price of spare parts, poor road conditions, or a lack of clients. Most of the procured used trucks were too large and unable to handle the road conditions. Furthermore, transporters had to wait until enough

clients had been identified to guarantee that the truck would travel fully loaded before scheduling a trip. Smaller and lighter trucks would have been better income-generating vehicles. Maintenance and repair costs would have been more manageable and the frequency of trips would have been increased.

With respect to the foregoing, CRS has noted that the task of setting criteria for the selection of business development proposals at the time it was undertaken, was quite challenging. There were virtually no baseline data available; no financial sector to render assistance; limited governance and no policies in force, e.g. taxation; non-existent services, i.e. roads, infrastructure, transport, communications; poor market access; and no clearly identified currency. It was expected that proposal development would evolve from lessons learned within the GM/CB experience.

Secondly, CRS further noted that some of the grinding mills have been very successful, and that there are Farmers Associations that manage to both buy and sell significant quantities of grains. Turnover by wholesale shops had also been significant. The New Moon Wholesale Shop in Yambio is doing at least \$20,000 per annum of turnover, better than any other wholesale shop. Of the transport associations, Green Belt Transport in Yambio, which received an OFDA umbrella grant in 1997, is still fully operational. The Commercial Transport Association in Yei has purchased a second truck with income generated from its business activities. NGOs such as UNICEF, NPA, WFP and CRS have contracted GM/CB-funded transporters to ship significant tonnages. The Lulu oil project, which was one of the first projects to be initiated in 1999, was facilitated by a local NGO called Rainbow International that has continually promoted the project.

## **2. *An assessment of GM/CB as a micro-finance institution***

GM/CB cannot be assessed as a micro-finance program as it is by design a concessional grant and pre-credit program. No specific performance indicators were defined at the inception of the project. Given the environmental challenges existing in southern Sudan and the fact that it was the first non relief activity implemented in the region, GM/CB activities have been considered as experimental. On this basis, the GM/CB component can be generally deemed as a success as it has achieved its goal of funneling grants and technology to local activities. It is however important to derive lessons from four years of activity and to identify the limitations of the GM/CB approach, in order to capitalize on its past performance and to facilitate the design of targeted high impact programs in the future.

## **3. *The confidence building effects of the GM/CB component on local markets***

Funds funneled through the GM/CB component to support the creation of revenue generating activities have had an undeniable confidence building effect on local markets. As a result of years of conflict, several local markets had ceased their activities and local traders sought refuge in neighboring countries. In fact, the impact of GM/CB on local markets is directly correlated to the level of intensity and devastation experienced during the war. The impact of GM/CB is more visible in population centers where local population and infrastructure suffered the consequences of long and devastating armed conflicts. Rumbek and Yambio are good examples of the varying degrees of GM/CB impact, as noted below.

The intensity of the war in Rumbek resulted in the complete cessation of all activities in the local market. GM/CB funds were used initially to support the creation of a wholesale shop and a grain

warehouse in the local market. This intervention was viewed locally as a sign of USAID's confidence in the town's future stability and security. Local traders were encouraged to return to the market and resume their activities. Traders from Yei invested in Rumbek and opened a series of small shops that now represent the bulk of the local commercial activity.

Yambio, on the other hand, was recaptured by the SPLA in one day (according to local authorities). The local market had never ceased its activities for an extended period of time. The effects of the war are less visible. Local traders were able to grow their businesses during the 1990's. The economic impact of businesses supported by GM/CB was not significant and was deemed as negligible by local traders and chamber of commerce. Maridi and Yei are also examples of markets where GM/CB activities did not have a significant impact on the local markets given the fact that trading activities were never entirely disrupted for an extended period of time. Given its proximity to Uganda, Yei has been able to recover quickly from the effects of the war. Several returnees were able to set up shop in the local market using their own funds and remittances.

#### **4. *GM/CB lending activities viewed as constituting unfair competition***

Interviews with businesses not supported by STAR revealed that GM/CB support for certain activities was in some cases viewed as constituting unfair competition by some of the local traders who had succeeded without getting any assistance from donor organizations. A good example would be the Yambio United Brothers wholesale shop. Owners of the shop started their activities in 1990 as micro traders in the market. Their business grew steadily during the 1990's. As a result of years of saving, they were able to self-procure a small vehicle in 1998 and 2 trucks in 1999 and 2002, thus reducing their transportation costs and increasing their profit margins. The owners' entrepreneurship and dedication allowed them to travel recently to Dubai where goods are significantly cheaper than Uganda, to procure a container full of various items in demand at the local market. A trader in Maridi was also able to travel to China to purchase a container full of bicycles and other items.

While these examples seem to be the exception rather than the rule, they stand in contrast with the performance and "attitude" of GM/CB-supported wholesale shops. Wholesalers who have received grants and loans through STAR are having significant problems managing their businesses and realizing profits. Most of them are not able to repay their loans on a timely and regular basis. The GM/CB subsidized wholesale shop in Yambio has difficulties making ends meet. The owners requested more support from GM/CB and even asked for tickets to travel to Dubai.

Requests for additional support were generalized amongst the GM/CB funded activities. The sustainability of most of these businesses is not certain given the lack of entrepreneurship and self-reliance. Of all interviewed beneficiaries, only one recipient activity (the Yambio grinding mill) conceded, after asking for further help, that their business is sustainable and would still be profitable in the absence of additional assistance. This is due mainly to the prevalence of a culture of dependency on subsidies and assistance by beneficiaries, which is detrimental to the institution of sound and responsible business management practices.

## **5.     *The need for technical assistance and follow-on training***

Short training modules in business management and bookkeeping were offered to supported activities. However, the technical assistance and follow-on training provided was limited. Local CRS project managers lack the expertise to provide continuous technical oversight and input. There is a crucial need for technical assistance in marketing, pricing, and sales. Several of the client groups that were observed have never owned a business before and lack the know how to properly value their products and negotiate prices. As an example, the Honey Producers Association in Maridi sells its product at a highly deflated price of US \$ 450 per ton to a couple of buyers in Uganda and Kenya while wholesale purchase prices vary around US\$ 1,000 in those markets. The Honey Producers Association is composed entirely of farmers and does not include any local traders with experience in sales. The group has been unable to identify or approach other potential clients to benefit fully from market prices and remains dependent on the demand for their product emanating from the two clients that have been identified so far.

While the mere fact that CRS has assisted local farmers to export their product is a success, calibrated and targeted agribusiness marketing assistance would allow honey producers and, indirectly, the local community in Maridi to fully capitalize on market prices and guarantee the sustainability and independence of the business venture. If properly marketed, honey has the potential to become a catalytic product, driving the local economy and increasing the liquidity of the local market. Long distance project management and full reliance on field staff is partly responsible for the fact that technical input needs are not properly identified and often ignored.

CRS has noted, with regard to the low price at which the Honey Producers Association in Maridi sells its product, that the product sold includes *comb and wax* and, at this stage, is sold in buckets, unprocessed. The price of \$1,000 dollars per ton cited for sales made in Uganda and Kenya, is for pure processed honey that has been bottled and that is delivered. The Baraka Agriculture College in Kenya buys farm gate honey in Maridi at \$450 and itself pays all of the costs for transport, customs, taxes, processing, packaging and distribution. CRS has continued to encourage local honey producers to take over the processing function, but this will take time.

## **6.     *The loan management role of County Development Committees (CDCs)***

The County Development Committees (CDCs) were created as a partnership between the civil authority and the civil society to increase local ownership of GM/CB activities and to transfer the loan management and collection tasks from CRS to a recognized indigenous body. This approach has a lot of merit in the absence of an adequate regulatory and institutional environment. The participation of civil society representatives was intended to guarantee the “democratization” of the project selection and fund allocation processes. Loans provided to the selected beneficiary groups were intended to constitute the basis for the institution of revolving funds employing interest-bearing loans directly managed by the CDCs.

The sustainability of the revolving funds is entirely dependent on the frequency of loan repayment and low default rates. The CDCs are faced with a major challenge, as most of the revenue generating activities that were visited by the team have not been in a position to regularly honor their loans. Loan terms are frequently reviewed taking into consideration the difficulties encountered by businesses. Loan recipients are generally in a stronger negotiating position and can easily impose their terms on the CDC project officers in the absence of clauses in the original agreements demanding some type of collateral (even if symbolic) or envisaging

the confiscation of assets in case of default. CRS has conceded that loan recovery and the collection of debt are difficult under these circumstances. The civil administration training being implemented under the SOAR component along with the legal activities being implemented under the SACB component are meant to form a facilitative and enabling environment for institutions such as CDC to develop. Nascent organization's such as the police, civil authorities, banking, legal systems are not available to enhance the rule of law or able to guide CDCs or offer them assistance.

The CDC's original charters include broad tasks intended to transform the committee into an advisory group whose main role is to advise the county commissioner on priority development actions and serve as a bridge between civil authority and civil society. The CDCs have been reduced to *de facto* collection agencies with the main mandate of recovering outstanding loans in order to feed the revolving funds. Only one interviewed CDC had a resemblance of a medium-term county development plan, which is in effect a wish list of additional funds needed from GM/CB. CDCs are widely viewed as a CRS activity as opposed to a committee at the service of the general county population. The CDCs currently have two distinctive roles that are not necessarily compatible. The loan management role is monopolizing all of the CDCs resources while the development and coordination tasks, which are key to the rationalization and prioritization of development activities, are ignored and relegated to the back burner.

#### **7. *The transformation of the CDCs into micro-finance institutions***

When questioned as to how they foresee the future of the CDCs, most of the interviewed executive members suggested the transformation of the CDCs into local county micro-finance institutions (MFIs). This transition would be difficult to achieve given their notable lack of experience and expertise in financial management and micro-finance. The CDCs assessment of the performance of their respective activities denotes a considerable lack of knowledge of business management and basic business development principles. Transforming CDCs into MFIs would be a non-productive approach that would inevitably fail unless large funds are injected and considerable training is provided. The diminishing credibility of the CDCs within the business community is another problem that would have to be addressed.

CDC secretariat employees are directly paid by the GM/CB for six months. Project officers receive an inflated salary of US\$ 200 per month (recently reduced from \$300). As a result some CDCs have difficulty retaining trained project officers when their salaries are no longer subsidized by GM/CB.

#### **8. *The CDCs and revolving fund operations***

Under the Grant Making/Capacity Building component of STAR, CRS has provided support to various County Development Committees (CDCs) to undertake the planning and coordination of economic development activities in their respective counties and in particular to implement a private sector, micro-enterprise revolving fund. Specific assistance has included training of the CDC chairman, the project officer, and accountant/bookkeeper. STAR has also funded the construction and rehabilitation of office space, transportation (bicycles), and a time limited salary for a project officer. Once trained, CDC staff are often transferred into the civil administration by local authorities. Individual projects are instigated by the CDCs and reviewed by the SPLM/DATT and USAID, via CRS. CRS staff generally facilitates the development of projects with communities, probably the first time this kind of assistance has been provided at that level.

The major focus of the five CDCs visited during the evaluation was the management of the Revolving Fund. In most cases the individual projects had been originated and designed by CRS staff and presented to the CDC and subsequently to USAID, for approval. The activity has been a failure both in terms of its institutional development objectives and as a pilot micro-enterprise lending activity. In the first instance, the Revolving Fund loans were for amounts of up to \$40,000 which overstate the borrowing capacity of micro-borrowers. Secondly, in an environment of a nascent economy with the bare image of emerging businesses, loans of the magnitude that were made are ill advised, and reflect a lack of financial expertise on the part of the lending institution. Annex E provides a summary of the loans made through CDCs during the term of the STAR program, and the repayments that have been recorded to date.

Moreover, the individual projects selected for financing involved inappropriate technology in the context of a society lacking basic mechanical skills and repair facilities. As a result, 3 out of 5 grinding mills visited in the Rumbek area were inoperative. Similarly, one mobile sawmill was inoperative. The latter as a result of inadequate training of the mill operator and the fact that repair facilities were only available in Uganda. Clearly, the CDC and CRS approach to promoting private sector development appears to be premised more on equity considerations than financial and technical feasibility. This is not a recipe for successful private sector development. Having noted that the operation of grinding mills in Rumbek has been problematic, CRS has tried to facilitate the process whereby stakeholders save some of their income and begin to source diesel and spare parts procurement themselves, which is usually a long process. CRS had hoped that in the long run this approach would help those involved to achieve a level of independence and sustainability.

The institutional capacities of the CDCs are extremely limited with only one or two trained staff per CDC. Its role and relationship to the County Secretary (Commissioner) is not clear. The CDC's relationship to the Civil Authority was described as ranging from independent to consultative to a direct reporting responsibility. Similarly, the CDC's relationship to the County Liberation Counsel (legislative branch) was not clear. On one occasion, the County Secretary said the CDC reports to him and in another case the CDC chairman said he consults with the County Secretary.

The one positive observation that emerged during team interviews, comes from discussions with the CDC in Yei. The CDC Chairman spoke at length about the CDC's community awareness program and the efforts it has and is continuing to devote to meet with village and boma level officials and residents to make them aware of the CDC and its role, and to solicit ideas from the communities. The Yei CDC is the only CDC to have prepared a strategic plan, which outlines its mission, its goals and objectives and its relationship to the Civil Authority. The Yei county CDC is notable in that it has strong management provided by the chairman and project officer and at least one of its executive committee members. Generally, the CDCs are long on enthusiasm and short on experience and institutional capacity.

As an experiment, the CDCs were a success to the extent they have shown the weakness of the model utilized (i.e. the Revolving Fund). The failure of the CDC model reflects the need to involve organizations experienced with the specific kind of activity being undertaken. CRS, which provided the technical assistance and training, has had extensive experience responding to natural and man made disasters. It is not, however, specialized in the design and implementation of economic development activities, including economic planning and establishing and managing micro-lending institutions.

## **9. *The issue of individual vs. group loans***

Financial assistance provided under the GM/CB component was offered exclusively to groups. This policy, which was intended to “democratize” the grant allocation process, has had a limiting ~~effect on the general impact of GM/CB loans. The number of members in each group varied~~ between 10 and 50. The success of the ventures was largely dependent on the coherence of the group and the added value brought by each member. Large interest-free loans were given to identified groups. The results of this group approach have not been very satisfactory.

The Rumbek Akon Buoi wholesale shop composed of 50 members is a good example of a dysfunctional group that was not able to generate enough revenue to significantly benefit each member. Several interviewed members of the group expressed their desire to start their own individual businesses. Akon Buoi, one of the first activities supported through GM/CB and approved in June 1999, is still experiencing difficulties paying back its loan. On the other hand, the Byda Women Enterprise Development activity, which used its grants to allocate small loans (\$480) to individual entrepreneurs has by far the best repayment record, as 100 percent of its members have repaid their loans on time (only \$8,300 was recovered out of \$14,400 original total loan given interest rate fluctuation against the Sudanese pound) and are receiving second loans (\$600). Byda is increasing its membership base and has accepted forty five new members who will have access to individual small loans (\$400). A 10 percent (5 percent to the CDC and 5 percent to Byda) interest rate will be applied to new loans. The performance of Byda is the best argument for the success and sustainability of small individual loans and a good illustration of the potential impact of a demand-driven microfinance program.

## **10. *The problems inherent in the long-distance management of CDC lending activities***

Operating and implementing projects in southern Sudan presents serious managerial challenges. In such an environment, adequate management tools have to be put in place. Long distance project management has had unconstructive effects on the implementation of GM/CB activities rendering difficult the close monitoring of supported activities and the adequate verification of information emanating from the field. Feedback from the home office in Nairobi was not always received on a timely basis creating a certain level of frustration from grant applicants, local officials, and also local field managers. A report was sent from field offices every six weeks. Data contained in the reports reviewed by the team were mostly repetitive and often did not contain the information needed for proper project management. Field trips conducted by home office project managers were sporadic.

## **11. *GM/CB support for the development of community based organizations (CBOs)***

GM/CB also funded support for the institutional development of community based organizations (CBOs) including womens' groups, farmers' groups, business groups, and educational activities. These activities were facilitated under the CRS contract. In all cases, the mode of assistance was funding for the physical construction or rehabilitation of structures needed to conduct operations, (e.g. for meetings or for business activities) and training CBO membership in areas such as human rights awareness, empowerment, and basic business skills (bookkeeping).

Members of the CBOs seemed quite pleased with their experience with the STAR/CRS program. This was most evident within womens groups which, though not always financially or operational successful (e.g. the LuLu Oil Processing Project), did make a significant contribution



to empowering the members and providing them with knowledge and skills not previously available (e.g. handling money, participating in making decisions). In general, this component of the STAR program appears to have been more successful than the CDC program. There are now six CBOs supported by STAR/CRS in place and operating in 4 counties in southern Sudan. This was not the case three years ago.

## **C. WOMEN'S PARTICIPATION IN GM/CB ACTIVITIES**

### **1. *Women as the beneficiaries of GM/CB loans***

The degree of ownership of projects by women was highly variable. Strong ownership of the program by women was evident for the BYDA projects, the Mapourdit Women Grinding Mill, the Lasu Catholic women's grinding mill and for the Yei Women Vegetable Production group. Much lower ownership, understanding and overall control over the issues of the program was apparent for the ECS (Episcopal Church of Sudan) Mothers Union Lulu Oil processing, and the Maridi Catholic Women Grinding Mill.

The percentage of women beneficiaries of GM/CB loans was 38 percent. The main benefit for the women was the training component of the GM/CB. From the sub-sample of women activities that were visited by the team, a very low percentage of women had actually achieved any financial benefit from the loan. Women benefited directly from the GM/CB through training and through a combination of grant/loans for the establishment of income generating activities. Members of the executive committees received extra training, but here too, except in the all women groups, there were more men than women in the executive committees, thus a greater percentage of men benefited from additional training than women .

### **2. *The sustainability of women-owned enterprises***

Successful women's activities: those of the BYDA group (19 out of 30 women continuing with a successful business in the area. Others have left the area so data are not available (could be positive). Others managed to repay their loans but discontinued the business. The 2 women in the Kpinga grinding mill (Yambio) are presumably earning income.

### **3. *The effect of financial support to economic activities involving women stakeholders***

The enterprises visited can be classified into the following three groups depending on the extent to which they were successful. Indicators used to determine the degree of viability of the businesses were:

- financial strength of the business: ability to generate sufficient profits for the business to be self sustaining
- managerial capacity of business owners: ability to plan use of money for spare parts, fuel, maintenance, loan reimbursements, salaries/sharing of benefits , reinvestment
- actual functioning of the business: not interrupted for lengthy periods of time

Data used: loan reimbursement information provided by CRS, in depth interviews with business owners. An asterisk (\*) indicates that the information was obtained from interviews of CDC members or CRS staff. All other enterprises were visited and members interviewed directly.

### **Sustainable businesses created**

These are businesses in which the loans were repaid, the business is continuing (sometimes expanding), and is generating income for the women.

- this was the case for 19 women out of the 30 funded through BYDA
- Kpinga Grinding Mill in Yambio (2 women involved)
- Maridi Catholic Women Grinding Mill (8 women). In this case all the profits are being saved for re-investment (four million Uganda shillings (\$2,300) are in deposit in a bank in Arua), so the women have not yet earned any income
- Rumbek Grain Storage and Marketing (1 woman involved, not seen)

### **Potentially viable businesses**

These enterprises are bringing some income to the women involved but their loans have not yet been repaid for various reasons (often maintenance problems).

- Yei Women's Vegetable Production (400 women)
- Thiet\* Women Grinding Mill, TAWA (28 women)
- Marial Lou\* Women grinding Mill (20 women)
- Yirol\* Town Grinding Mill (22 women) loan partially repaid
- Mapourdit Women Grinding Mill (18 women) loan partially repaid
- Rumbek\* Women Grinding mill (20 women) loan partially repaid

### **Activities potentially sustainable as a grant.**

These activities are generating (or may have the potential to generate) enough money to cover the running costs and maintenance but not to pay off the loan:

- ECS Mother's Union Lulu Oil Processing (44 women)
- Lasu Grinding Mill, Yei county (37 women)

The greatest impact on women benefiting from the GM/CB was observed in the BYDA group, which can easily be classified as the most successful. In order to get a better idea of the impact the loans had, the team held a workshop for the 19 women who benefited from the first loans at BYDA and were continuing their business. These women all had small businesses before they had received loans. However, almost all said that they had acquired skills, which now enabled them to run their businesses, so that they prospered. Amongst the useful skills they cited:

- learning how to run a business (book-keeping, sound financial management, using publicity)
- leadership skills
- organizational skills

The BYDA women mentioned the following strategic changes:

- better able to stand up for themselves
- more economic power and ability to control it (buy cows, clothes, do not hand money over to husband)

Men at BYDA mentioned the following changes in gender relations:

- women are much more confident, can argue their case strongly
- they have control over their resources
- their husbands accept their activities
- they are competing with men in the market
- the local authorities are noticing that women are involved in development

These good results represent just a fraction of the women stakeholders but indicate that well planned interventions can have the expected positive impact.

Only a small proportion of the women funded actually benefited from an increase in income through GM/CB. Many have been working very hard for a long time for absolutely no income. Adding to women's already excessive workload is simply reinforcing cultural norms that do not recognize women's labor and is not conducive to strategic changes in women's status. Despite this, all women did appreciate the social benefits of organizing themselves and learning to work together.

#### **4. *The impact of GM/CB activities on women who are not direct beneficiaries***

Some of these activities have clearly had a beneficial impact on women who are not direct beneficiaries.

##### **a. *The beneficial impact of the grinding mills***

Women who could afford to use the grinding mills were very clear about the benefits that they gained from being able to use the grinding mills. The most frequently expressed benefits were:

- easing their total workload
- freeing time for other work (such as cultivation)
- ability to prepare 2 or 3 meals a day for the family instead of only 1
- being able to prepare meals for the family even when sick or pregnant
- freeing small girls from domestic work so they can go to school or have time to study
- less back ache
- starting a small business selling "mandazi" (pastry) made from flower.

Data were not available to ascertain the percentage of women who could afford to use the grinding mills. It was clear, however, that more women benefited from the grinding mills in urban centers than in villages. This is probably because more money is available in the towns where there is a market for agricultural products and a greater proportion of women are able to secure some cash. In the country it was difficult for women to find money for grinding and this was a limiting factor to the sustainability of the grinding mills in rural areas. Some rural grinding

mills refused payment in kind as they faced the same difficulty of converting grain to cash; others accepted credit with ensuing difficulties in repaying the loan (but they considered their activity to be as much a social intervention as a business).

Within the time frame of the evaluation it was unfortunately impossible to perform a quantified evaluation of the workload reduction and the proportion of women benefiting from the grinding mills. Such a study would have necessitated much more time in the field for the following reasons:

- The ability of women to afford the use of the grinding mill varies both seasonally and geographically
- The time saved, estimated at 6.3 hours for 22 kg by Cesar Guvule, presumably corresponds to the actual time saved in grinding. This does not take into account the transport time. We did in depth interviews of 3 of the women's grinding mill groups, Lasu, Maridi and Mapourdit (+ Lanyi, Mundri Co. whose mill was not yet functioning). In all cases the women stated that people came to use the mill from as far away as 10 km, in one case 15 miles (25 km) was cited and insisted upon. Obviously traveling such distances will have a great impact on the amount of time saved. Thus in order to do a quantitative study of the time saved, both the distribution of the population in terms of distance from mill, and geographical and seasonal changes in availability of cash would have to be taken into account.

Assertions made about the grinding mills "supposed" benefits to women were made following in depth interviews of over 30 women involved in grinding mill businesses or users of the grinding mills. All (100%) felt that the grinding mills were very beneficial. Obviously, in view of the comparatively small number of grinding mills installed in southern Sudan (furnished by USAID, various other NGOs, and or by private entrepreneurs) compared to the size of the country, it is easy to conclude that a tiny proportion of women benefited. Nevertheless those that did felt it was an important contribution to their quality of life.

**b. The grain traders group in Rumbek**

The grain traders group in Rumbek traveled to the villages to buy grain produced in the small home farms. Many farmers are women and marketing their surpluses is often difficult or impossible due to lack of transport. This type of local business was extremely beneficial to traders and farmers. By converting agricultural products to currency, it was sustainable for the traders and benefited the farmers (the majority of which are women).

## **V. THE EXTENT TO WHICH THE OTHER COMPONENTS OF THE STAR PROJECT ACHIEVED THEIR OBJECTIVES**

### **A. CIVIL ADMINISTRATION COMPONENT**

The principal objective of this component was to build the capacity of civil administrators and administrations in public administration and finance, governance, accountability, and human rights. The component ran for two years with funding ending in FY1999. Project implementation activity continued until December 2001.

Evaluation of the training activities funded under this component of the STAR Program was hampered by the unavailability of UNICEF staff in southern Sudan with any first-hand knowledge of these activities. However, UNICEF's principal Sudanese consultant, David Deng, who ran the Civil Administration Program for three years, did provide the Team with a briefing as part of the Team's initial briefings in Nairobi and again upon the Team's return to Nairobi after the field visits. During the second meeting, he indicated that the program had suffered from a lack of UNICEF support due to concerns that it would affect their relationship with the Government of Sudan. He also agreed that the training that did occur suffered from lack of follow-up, and insufficient breadth and depth.

Based on Team interviews, documentation that was obtained, and several meetings with County Secretaries (who were not participants in UNICEF/STAR training programs) and payam level officials, the Team found that the civil administration training activities that were implemented under this component had minimal impact. This finding contrasted with participant post-training self-report data collected by UNICEF which indicated that skills transfer was generally "useful/appropriate" and the overall experience "met expectations. Clearly, as noted in Section V.A.2 below, this indicates that while the training was viewed by participants as useful and appropriate, it did not lead to sustainable impact in terms of improved governance largely because of the lack of follow-up and for the reasons cited in Section V.A.2 below.

#### ***1. The adequacy of the UNICEF program design***

UNICEF had indicated, at the outset of the activity, that its mandate would not allow it to undertake certain activities under the STAR project, e.g., the development of SPLM Secretariats, and other activities at the national level. It could, however, in collaboration with DATT, make suggestions regarding the development of local institutions that might undertake activities that UNICEF itself could not undertake. Accordingly, UNICEF interpreted its task, as specified under the STAR project, to relate to training and staff development only. No plans were formulated for follow-up on the effects of the training. Accordingly, efforts were to be made to promote county and payam institutional support through the provision of administrative kits, and follow-up workshops were to be organized to monitor the performance of county and payam administrators who had taken part in STAR training activities. USAID has indicated that the ideas of providing administrative kits and holding follow-up workshops were good ones; however, neither ever came to fruition.

**2. *The effectiveness of civil administration training and its contribution to good governance***

The UNICEF program consisted of a series of training programs for payam administrators in the Western Equatoria, Lakes and Bahr el Ghazal regions. A total of between 150 and 290 (numbers changed several times during various interviews) payam staff participated in three workshops each lasting six weeks. This represents approximately 50 percent of payam administrators and deputy administrators within these regions. There was no training in any of the remaining three regions of the southern Sudan.

These training workshops covered a range of topics relevant to local governance and included principals of good governance as well as management and leadership skills training. The content of the training appears to have been appropriate for the audience and post-training evaluations, i.e., written comments on the value of the training collected from participants at the end of the training, confirmed this fact. It was noted, however, that the training was limited to a one-time event with no institutionalization of the training, no follow up training, and no on-the-job training. Moreover, it did not include officials at the county or boma level. Participants in the training nevertheless perceived the training as worth while and contributing to a better understanding of their role and responsibilities in Civil Authority.

Discussion with participants of the Civil Administration training program indicate a consensus that the training was valuable and introduced participants to new concepts of governance such as accountability, transparency, human right, rights of women, and participatory democracy. The principal and recurrent comment was that there is a need for more training at all levels as well as a need for follow up to the civil administration training.

**3. *The extent to which civil administration training has contributed to the empowerment of Sudanese women***

The UNICEF program for civil administration training supported women through its curriculum which addressed issues of human rights and gender. However, too few women benefited from the courses for there to have been much impact on women's empowerment. Three of the 12 women participants of the Yambio training were interviewed (women formed 26 percent of the trainees in this course). All women felt that the course contents had been useful to them in some way. In interpreting these testimonies it is important to remember just how thirsty the women are for any form of training and new skills. Women expressed varying degrees of positive impacts from getting out of the kitchen or feeling more confident, to being able to fulfill new functions, speak in public, and conduct a meeting.

The women trainees from Yambio held a 3-day workshop to create public awareness about the course contents (correct forms of administration, human rights and gender issues). This form of sharing course information with the general public seems an interesting avenue to pursue and has potential for increasing the impact of the course.

Despite the enthusiasm expressed by the women attendees interviewed, one can not conclude that the UNICEF civil administration component of STAR has had any notable effect on women's overall empowerment. Observed effects were on a limited personal scale for some of the attendees.

The two women interviewed from Yambio felt that the training had a beneficial effect on the county administration:

- taxes collected more peacefully and not through force
- road in town repaired
- less looting by soldiers
- less inter-tribal separation and aggression (Dinka and Zande women joined for women's day celebrations)

In Yambio, women trainees held a 3-day workshop to create public awareness about the course contents. The trainees were then told to go back to their payams and create awareness about correct forms of administration, human rights and gender issues.

Information was thus transferred from the trainees to the local civilian population. Civilians were in a better position to hold local authorities accountable, as they become aware of their rights. It also improved their awareness of their civil duties (such as non-aggression between tribes).

The women interviewed in Yambio also attributed local improvements in administration both to the training that had been given and to the improved awareness of local populations. Increasing women's awareness of their rights is an important step in empowerment. The concept of making trainees responsible for informing the civilian population of their rights seems to be a new avenue to pursue. The woman from Yei said that she felt that there were fewer abuses against women and men but there are no mechanisms for documenting this.

#### ***4. The extent to which the capacities of civil authorities have been enhanced***

While it appears that the structure of civil authority has been established in the southern region, no one could provide the Team with an organization chart for the individual unit structure or for the total civil authority structure. In one county (Yei) as much as 80 percent to 90 percent of the identified positions were unfilled. This high vacancy rate was attributed to the lack of qualified candidates, loss of trained personnel to international NGOs, and the failure of the Civil Authorities to pay salaries.

Based on field interviews it is clear that lip service is being paid to the concepts of accountability and transparency. There was, however, no physical evidence of implementation of these concepts. Specifically, the team asked for information on budgets, revenues and expenditures in Rumbek, Yambio, and Yei, and were told in each case that they either did not exist or were in preparation.

This lack of accountability and transparency was confirmed as a generic problem in subsequent conversations with representatives of the SPLM. On a positive note, the Health Commissioner of the SPLM Secretariat of Health said a budget including detailed expenditures had recently been prepared for the health sector and would be made public. Both the Health Commissioner and Commissioner for Local Administration and Legal Affairs agreed that public accountability of revenues and expenses were essential to good governance and the lack of public reporting had to be addressed.

Efforts to get clarity on revenue collection at the county and national levels were also unproductive and confused. County officials admitted to the collection of taxes and sharing revenues with higher levels of the Civil Authority but could/would not provide details on the amounts collected or how they were spent.

## **B. THE STRATEGIC ANALYSIS /CAPACITY BUILDING (SACB) COMPONENT**

Although the overall goal of all six working groups was to contribute to policy development and the efficient management and utilization of natural resources, as noted in the Annual Report of the Natural Resource and Utilization Committee (NRMUC) for 2000-2001, the plans, requirements, and capacities of each group differed substantially. All six groups have done some work although the level of accomplishment to date varies among the groups. Three of the groups: agriculture, geology and minerals, and women and natural resources, have made considerable progress and were able to publish reports on their findings and recommendations. Very little work, however, has been done in the other three groups: water, fisheries, and wildlife and livestock. This was ascribed to the scarcity of available technically competent persons; to the lack of the materials and equipment needed to conduct research; and to the limited funding allotted to the groups to conduct the training, periodic meetings, and workshops needed to undertake surveys and assessments.

Despite its request for copies of reports that have been completed to date, only the geology and minerals group did indeed provide the evaluation team with a written report on the current status of its activities. A brief summary of the accomplishments of each of the groups follows, based on information that the evaluation team was able to obtain.

### **1. *The agriculture group***

The agriculture group has conducted a survey on institutional capacity and human resource needs for the Secretariat for Agriculture and Animal Production, as well as a survey on local tool production and supply sources. It also undertook post harvest loss assessments in Yambio and Maridi. Access to market and farm-level data is also being facilitated through the establishment of computerized data systems at the Yei customs office department and the development of information and data collection systems for farmers through their associations

### **2. *The geology and minerals group***

The geology and minerals group has made good progress under very difficult working conditions. For example, special equipment that was ordered was unduly delayed and finally not available for fieldwork that was to be undertaken. The group had to work with very simple technical materials that limited the amount of information that could be obtained in the field. In addition, it has not been able to establish formal linkages with research institutions, and is working more or less in isolation and not benefiting from access to resources that are generally readily available in international research institutes, such as good maps, laboratory facilities for analysis of samples, etc. The group needs to be expanded as the exploratory work remaining is immense and the team presently on the ground can cover only a very small amount of terrain.



**3.     *The women and natural resources group***

The women and natural resources group has also made good progress. It is clearly a strong and competent team ready to look at the real issues with high expectations and vision. It has coordinated its activities with those of the Legal and Institutional Framework Group in assessing the legal aspects of women's access, control and ownership of resources. The group has completed a literature review on women's rights, and held a stakeholders workshop on the status of women where it identified the key factors contributing to the marginalization of women and affecting their access to, and control and ownership of natural resources (DATO & Women and Natural Resources Working Group, 2001). The group is now focusing on affecting policy through dialogue, campaigns, formulation and dissemination of policy, and enacting new laws.

**4.     *The forestry group***

The forestry group has undertaken an assessment of the Kagelu teak forests and conducted training sessions on forest assessment planning and map making skills.

**5.     *The wild life and livestock group***

The wild life and livestock group has undertaken a wildlife, livestock and food security survey in Nimule and Boma national Parks.

**6.     *The legal and institutional framework group***

The legal and institutional framework group is undertaking a survey on property rights under statutory and customary law in the old and the new Sudan.

**C.     **THE SOCIAL ORGANIZATION AND ADMINISTRATIVE REHABILITATION  
(SOAR) COMPONENT****

The three sub-activities incorporated under the SOAR component addressed problems related to the health, judicial, and education sectors of the Sudanese society. The main thrust of the IRC health sub-component was to introduce cost sharing in two pilot projects, one in Tonj and the other in Mundri. For its part, Christian Aid has been carrying out a program of training, institutional development and capacity building aimed at the promotion of the concept of the rule of law and the development of a judicial system consistent with the concepts of good governance in southern Sudan. Approximately 85% of the total amount of STAR funding provided to the CRS in the education sector was used for the reconstruction of the Secondary School in Rumbek. The remaining 15% was allocated among several other schools.

The impact of the IRC pilot cost-sharing health projects and the CRS education initiative were highly localized, but were expected to have considerable demonstration effects. To date, both have indicated a serious need for more training, technical assistance, and institution building resources. While broader in its scope of applicability, the efforts of Christian Aid in promoting the concept of the rule of law and development of a judicial system have also reflected the urgent need for similar kinds of assistance. To respond to questions posed to the Evaluation Team in the Terms of Reference for the evaluation, all three activities have made progress to date and will show results within the planned 3-year program span if only to demonstrate how vast the need

for assistance is in these sectors. For example, it is clear from the results of the IRC activity that not much can be achieved in the health care sector without addressing the costs of health care.

### **1. *The International Resource Committee (IRC) health sub-component***

The main thrust of the IRC health sub-component was to introduce cost sharing in two pilot projects, one in Tonj and the other in Mundri. The Team was only able to visit the pilot project in Mundri and interviewed medical staff and administrators there. Team interviews were also conducted with medical staff in Yei where cost sharing was introduced in the Yei Hospital (in April 2001) and later in the Yei Diocese Hospital (in January 2002). The latter is supported by Maltheser, a German based NGO.

There was no information available in the IRC reports on the effect that the introduction of cost sharing had on the level of use of health services by the population (changes in attendance for different groups before and after the introduction of cost sharing). Accordingly, information given here was obtained from interviews with medical doctors.

In counties like Mundri where the supply of drugs is irregular, the introduction of cost sharing has reduced attendance (perhaps by as much as 50 percent). In Yei Hospital, which also suffers from an irregular supply of drugs, the introduction of cost sharing caused a sharp drop in attendance. The Yei Diocese (Maltheser) hospital was worried about introducing cost sharing following the negative effect it had in the main Yei Hospital. They conducted a survey before introducing cost sharing, which revealed that people were willing to pay (this hospital is regularly supplied with drugs by Maltheser). They closely monitored the attendance before and after the introduction of cost sharing (taking into account yearly seasonal variations) and did not detect a clear drop in attendance. This would indicate that when quality medical service is available, cost sharing can be introduced without unduly discouraging attendance. This is unfortunately not the case in most medical facilities (PHCU or HC or hospitals) throughout southern Sudan. One doctor said that at the PHC unit level women consult half as much as men. His interpretation was that women bear disease longer before consulting, possibly due to the distance from health care units, the presence of young children which makes it difficult for them to walk there, and the long waiting periods. At the hospital level women and men consulted equally which would indicate that when they are really sick women come in for treatment. In view of this possible underuse (no documents available to corroborate this) of health facilities by women, introducing any factor (such as cost sharing) which would further discourage them could only have negative effects on women's health.

Women identified early pregnancy, sexually transmitted diseases (STDs) with the subsequent secondary infertility due to delays in treatment, and high rates of spontaneous abortion, rape and violence against women, as particular health issues for women. Two of the doctors interviewed said that they suspected that very high rates of maternal death would be found if a survey was done. They attributed this to the generally poor health of women, numerous pregnancies and early pregnancies.

It does appear that introducing cost sharing at this point was untimely, as there are many other priority needs in the health sector that first need to be addressed.

## **2. The Christian Aid (CA) judiciary and civil authority sub-component**

The team noted that due to on-site staff limitations, the approach being taken to strengthen civil society and the legal sector in southern Sudan has necessarily been a "very distant" one. Given the importance currently being attached to strengthening the rule of law in the region and to restoring broad respect for basic human rights, steps should be taken to ensure that available resources are well targeted and that indicators of progress are being effectively monitored. In fact, the Team's assessment of progress to date in this sector, as presented below, indicates that further, more extensive review of the situation in this sector is warranted.

### **a. The rule of law and respect for basic human rights**

As was the case with civil authority, the rule of law and respect for basic human rights disappeared in southern Sudan as a direct consequence of the war. Rape and other acts of personal violence were a common occurrence and property rights did not exist vs the demands of the SPLA. What law enforcement existed was under the authority of the SPLA and was not responsive to the needs and demands of the local, civilian population.

County, payam and boma officials all expressed their support for the rights of women and children and specifically education of girls and participation of women in different forums (e.g. CDC, Civil Authority, CBOs etc.). It was pointed out on several occasions that women are automatically granted 25 percent of the seats in the different Liberation Councils and are able to compete with men for the remaining 75 percent. So far it has been difficult to attain the 25 percent quota of women. Those present still need to stand up firmly for their right to participate, as male members have been known to expect them to do the cooking rather than participate in the deliberations. Some counties had a position for Women's Programs but appeared to be able to do no more than act as a cheerleader since there was no money to fund programs

Among the officials visited at the regional, county or payam level, there were no acknowledgments of any problems with the SPLA or local security forces in regards to human rights issues. While there was an acknowledgement of a serious problem in the past, it was not identified as a current problem with the possible exception of areas near the fighting. One payam administrator said there was no problem with the SPLA and in fact there was no crime within his payam.

Discussions with expatriates and church officials involved in relief and NGO activities were more open, and although still guarded, these officials indicated that they had personally witnessed recent abuses by police and army personnel and the misuse of relief food supplies. However, they also noted that such instances had decreased appreciably and overall the current situation is greatly improved over three years ago.

USAID efforts to address these issues have been implemented under a \$1.2 million sub- contract to Christian Aid. Specifically, Christian Aid has been carrying out a program of training and institutional development/capacity building aimed at promotion of the rule of law and the development of a judicial system consistent with the concepts of good governance in southern Sudan. This program is currently scheduled to run through September 2003.

Discussions were held with Christian Aid's field coordinator in Rumbek and the project manager in Nairobi. During the evaluation, site visits were held with senior members of the Judiciary at

the Judiciary Compound in Rumbek, with the Attorney General, and with county judges in Yei, Mundri and Yambio.

Starting at the top of the system, the southern Sudan judicial system is part of the executive branch of the SPLM. As such it is in a conflict of interest situation even though it says it acts independently of the executive branch.

STAR, through Christian Aid, has attempted to deal with the judiciary and rule of law issues by first conducting a survey of the existing legal system. This survey revealed that the judicial system is very rudimentary, with few trained lawyers, few para legal staff, poor facilities and almost no system for recording judicial information regarding cases heard, decisions made, fines imposed etc. To deal with this situation Christian Aid provided limited equipment, including used vehicles and materials to the judicial system and provided training to approximately 40 para legal staff at the payam level. This training was conducted in one, two-week workshops in March 2002. Subsequent training was to be undertaken by the regional judges for both para legal staff and judges at the county and payam level. Even though funds and vehicles were provided to the senior judges to carry out this training, only one judge provided any training to lower levels in the judiciary. The South Sudan Law Society was characterized as an unreliable and unmotivated partner in the effort to build a judicial system in southern Sudan. As a result of STAR's efforts, court physical facilities were constructed at the Judiciary compound in Rumbek and at various county courts.

**b. The need for continuing education and training**

The higher courts, i.e. High Court and Court of Appeals, have limited capacity to meet or supervise the county courts. There is no program of continuing education and training for any members of the county or payam courts. Senior judges seem more concerned with getting a vehicle than attending to business. The Chief Justice was out of country during the evaluation field visit. This is reported to be a common occurrence.

The judges interviewed at the county level had no formal legal training. In fact the Evaluation Team received conflicting information on the qualifications required to be appointed a county judge. In one instance the Team was told that a county judge had to be trained as a lawyer. In the interview with the Yambio county judge, we were told the judge had not completed primary school. Issues noted during these interviews were a constant voicing of the need for funds to train more para-legal staff, police and prison staff. Noted but not voiced during these interviews was the lack of financial accounting of fines collected and expenditures.

In terms of underlying legal principals, all county court personnel that were interviewed, referred to two pamphlets, the 1994 penal and civil codes (actually four codes exist), as the basis for deciding cases brought to the court. Members of the Payam courts were not clear on the relationship of the civil and penal codes to traditional and customary law and indicated that decisions in previous cases (i.e. precedent) did not play a role in their decision making. In fact, the payam courts had no way of knowing the outcome of cases beyond their own jurisdiction. In one interview, the principal respondent was one of the para legal members of the court and not the judge. It was explained later that the judge had limited education (i.e. he had not completed primary school) and looked to the para legal staff who had completed secondary school. The courts visited appeared to have limited supplies and material and all complained about the need for stationery as one of their most serious problems. The county courts have no system of

following judicial decisions made at a higher level unless it is a direct appeal of one of their cases.

A "Law Review" funded by Christian Aid was underway during the Evaluation Team's visit to the Judiciary Compound in Rumbek. This review was being attended by Sudanese with a variety of legal and non-legal backgrounds. Its purpose was to review and/or draft some 23 laws that were to be submitted to the National Liberation Counsel. The committee included 15 women whose participation was financed under the STAR project.

**c. Revenue sharing within the judicial system**

Fines collected at various levels of the judicial system fund the system's operations. Revenue is distributed along the lines of other revenues (i.e. taxes) with a portion (20 percent) retained and the remaining 80 percent sent to the county which retains a portion and sends the balance to the next higher level of the administrative structure. A portion of fines retained at the originating level is supposed to fund local police services. There is an apparent problem in the sharing of this revenue with police and prison system. As is the case with the Civil Authorities, the judicial system provides no public financial accounting of fees and fines collected and expenditures. There also appears to be no system for supervision of the operations of lower level courts or any review of the disposition of cases at lower levels.

**d. Gender issues**

The SOAR Rule of Law sub-component is supporting Christian Aid's BASIS program, utilizing a grant from USAID. CA's strategy of working through CBOs to implement this program has proven to be a very efficient approach, since local groups have exhibited a capacity to accomplish a lot with a modest amount of funds. CA has used this approach in supporting the efforts of the Tonj Area Women's Association (TAWA) to document violence against women; in promoting networking among lulu oil producers; and in directly supporting the capacity building of functional women's groups within indigenous NGOs, such as BYDA. The BASIS program addresses women's strategic needs, i.e., its goal are to help narrow the gender gap. What is being done at the community level through CA under the STAR program constitutes a small proportion of what needs to be done. Consideration should be given by USAID to follow up on the progress made under the STAR project to accelerate and broaden its efforts to address gender issues. This should include the development of an overall gender equity plan with specific objectives.

**3. The Catholic Relief Services (CRS) education sub-component**

USAID funding allocated to the SOAR/CRS education sub-component in FY 2001 totaled \$314,000, of which \$264,000 was used for the Rumbek School reconstruction project. In addition to the reconstruction of classrooms, offices and dormitories, the funds were used for teacher training, to underwrite expenses of the School Management Committee, to purchase scholastic materials and science equipment, and pay for the installation of furniture and fittings. The reconstruction project has been completed.

The remaining \$50,000 balance of USAID funds, along with \$50,000 of CRS matching funds, was used to provide support to other schools, including the Mayom Secondary School in Thiet (scholastic materials); the St. Kizito Boarding and Day Primary School in Isoke (furniture and

bedding); the Mundri Upper Primary School (rehabilitation of classrooms) and the Marial Lou Primary School and Mapourdit Secondary School (prefabricated structures).

The primary goal of the SOAR/CRS Education Rehabilitation Program (EDREP), which was initiated in FY2002, is to strengthen the capacity of community groups and civil authorities to build and maintain quality educational opportunities in opposition areas of south Sudan. The program's main objectives are to increase access, especially for girls, to an appropriate physical environment for learning; to provide better facilities and educational materials for all students; and to improve the pedagogical skills of primary and secondary school teachers. EDREP's second goal is to increase the organizational and managerial capacities of communities and civil authorities responsible for maintaining school administrations. While CRS has used the lessons learned in the reconstruction of Rumbek Secondary to improve the design of EDREP, the program is in its first year of implementation and it would be premature to assess the extent to which it has achieved its objectives.

## **VI. THE IMPACT AND SUSTAINABILITY OF PROJECT-FUNDED ACTIVITIES**

As a general assessment, the team considers it unlikely that the projects initiated under STAR will be able to continue operation once the implementing partners cease active involvement in a project's functioning. In some cases, STAR partners have developed management skills among project leaders, but the Team found few instances in which project members would be able to run their projects independently of support from STAR partners and the STAR program.

### **A. IMPACT ON WOMEN**

With so many men engaged or lost to the war, women have in many cases become sole providers for their families. One of the initial goals of STAR was to empower women and allow them to make financial decisions that would benefit them, their families, and ultimately their communities. Accordingly, the evaluation team sought to determine if women are benefiting from the program and to what extent they are involved in the projects that were funded through STAR.

These efforts to empower women take place in a context where women have been historically subordinated to discriminative cultural customs. These customs have been further aggravated by the current conflict that has exposed women to high levels of violence (such as rape) with the disruption of traditional society. There is also a high level of mobilization and commitment by Sudanese women who are organizing to transform their society into one that is just for all.

#### ***1. The issue of gender imbalance***

The STAR project was not designed to specifically address gender imbalance and the issue of gender is not mentioned in any of the strategic objectives. This omission has obviously been recognized, as the questions in the Terms of Reference of the evaluation seriously address the issue of gender imbalance and program options for the future (see Annex C). This is unfortunate given that STAR's main objective was to increase participatory democracy and good governance practices and reduce the heavy reliance on relief through small-scale economic development programs. Women are the main producers and need to be well equipped to carry out the development of the southern region. They also need to be involved in decision making at all

levels. As women constitute between 60 to 65 percent of the population in Southern Sudan, any program directed towards increased "participatory democracy" and "good governance" must obligatorily address the issue of women's status and ability to take part in "participatory democracy" in order to achieve its objectives. It has been estimated that women produce 80 percent of agricultural goods, which are the southern Sudan's main resource. Economically, families are almost entirely dependent on women's work. Experience has shown that full participation of marginalized groups is not achieved without planned action, and the lack of a strategy to address gender imbalances in a systematic way has resulted in a low overall impact of the STAR program on women's decision making power.

STAR did, however, co-fund a group of women enabling them to participate in the Law Review workshop which took place in Rumbek in June 2002. The women also received support in order to prepare themselves (through networking with FIDA, the Federation of Women Lawyers, Kenya) prior to the event. They were able to actively participate in the law review workshop and advocate for full respect of women's rights in the "Laws of the New Sudan" during this historical event.

In sum, STAR has not significantly increased the representation and decision-making power of women within beneficiary civil society groups and civil authorities. This can be attributed to the absence of a strategic plan to address gender issues and to the lack of consultation with stakeholders on how to effectively address the "gender gap". There is also a lack of in-depth awareness of gender issues at the donor level and for all the partners.

## ***2. Reforming the law to remove all forms of discrimination against women***

Reforming the law to remove all forms of discrimination against women is an important first step towards attaining a just society. It is nevertheless also important to support the next steps: to increase the awareness of women's rights by administrators and the judiciary including the traditional courts, by the society at large, and by women themselves as most women are not aware of their rights and the laws protecting them. In view of the current call for the revival of customary laws, the New Sudan Women's Federation is currently examining customary laws to determine those which discriminate against women. NSWF also trains para-legals (men and women) who advocate for women's rights in the traditional courts and at county level where customary law still prevails and can intervene during court cases.

The civil administration training provided by UNICEF addressed the issue of women's rights during the course. However, the Team was not able to obtain information on the extent to which this has affected the practice of individual administrators.

## **B. IMPACT ON AGRICULTURE AND FOOD SECURITY**

Team interviews and site visits indicated that the STAR program has had a generally positive effect on food security locally. The grain mills were contributing to local incomes and freed up women's labor for other tasks. The grain trading projects in Yambio and Maridi failed to meet marketing expectations, but produced significant stocks that can contribute to local food security. The Maridi Farmers Association has 60 tons of cereals in storage and the Yambio Farmers Association has stored more than 250 tons. These farmers' associations were also able to benefit from training in post-harvest handling to apply measures to protect their stored grain and keep it over a longer period of time. The market problem must still be addressed, but better

coordination is also needed (especially among international NGOs) to utilize these small, but important stocks to meet deficits in other regions. In this regard, CRS has indicated that UNICEF, CRS, the Rumbek Grain Traders, WFP, Concern Worldwide, and the Tear Fund (UK) have all purchased and transferred significant amounts of seed grains from YAFA and MFA in Western Equatoria to Behr al Ghazal over the past year. Farmers Associations are not advertising these successes, which could be due to very high taxation or the possibility that they might scare away future donors. In these “free market” seed grain transactions, the price per ton is usually set by the local authorities involved.

The Institute of Development, Environment and Agricultural Studies (IDEAS) is currently developing its teacher training capabilities. An effort is needed to support the development of FMPAC – the Farm Management and Policy Analysis Curriculum – and an agriculture faculty at IDEAS. Support is also needed for increasing civil society’s role in providing agricultural research and technology services. The experiences of NPA and AAH in supporting County Agricultural Departments need to be expanded upon. Emphasis should be placed on marketing and cost recovery with increased Private Sector involvement. Efforts to initiate cost recovery for veterinary services (where some degree of privatization is already underway) also merit further attention.

### **C. COMMUNITY IMPACT**

The communities visited by the Evaluation Team are still dependent to some degree upon relief. However, the first steps toward self-reliance are being taken. Progress is discernable and would likely accelerate if the macro-economic and other constraints to the achievement of project objectives cited above in Section III.C. are eliminated.

USAID’s assistance strategy for southern Sudan is already close to being one of making social investments – especially at the local community level – through civil society. There are a number of sectors where this approach may yield significant returns. A significant opportunity exists to move capacity building for civil society well beyond the level of training in civics. Given the relative weakness of government institutions and the macroeconomic constraints that it must eventually deal with, civil society can begin to provide a number of services that are traditionally left to the state in many developing countries.

#### **1. Conflict prevention**

STAR support to peace was rendered primarily through assistance to the New Sudan Council of Churches (NSCC) and was used by the Council to support and organize an historical peace building process which resulted in the Nuer-Dinka Wunlit Accord and subsequent people-to-people peace processes in other areas of inter-tribal conflict. These meetings resulted in an impressive decrease in inter-tribal fighting, cattle raiding, the resumption of old agreements over grazing and cattle rights, and the return of abducted women and children. The NSCC peace process is cited as an example of a peace building success story. Obviously, peace is the first condition for any form of recovery and rehabilitation and STAR support to the peace process seems to have had a major impact.

The Team was told that efforts were also being made, though not under the STAR program, to promote peaceful co-existence between the Arab Bagara and Dinka/Nuer nationalities living in the transitional zones in Southern Kordufan and Southern Dar Fur, through enhanced socio-



economic rehabilitation activities. Existing initiatives involve sponsoring annual meetings between the SPLM and Arab Bagara, to discuss Arab Bagara access to local markets and grazing lands, and to promote trade between local traders from the New Sudan and their counterparts in the north. The objective of these meetings is to facilitate local grass roots peace promotion through civil society and traditional structures and to form a peace network among Arab Bagara tribes that could be linked to the local peace network that already exists in New Sudan. USAID staff participating in these activities indicated that agreement to implement the two initiatives has been reached between the two sides. The approach of using expanded trade as an inducement to reduce conflict is a good one, and one that should be included in the next STAR program.

Women's organizations in Sudan are amongst the initiators of inter-tribal peace processes and have faced personal risk and threats from men in order to meet together across tribal and political barriers. Sudanese women have a traditionally recognized role as peace builders in society. Some women's groups said that as non-church bodies they were excluded from the NSCC peace building process, others regretted that it was male dominated as it operated exclusively through tribal chiefs. USAID should consider extending its support to other active civil society peace groups.

## **2. *Linkages and leveraging***

STAR has been promoting interaction, linkages and active dialogue among civil society groups and between these groups and civil authorities. CRS and other partner NGOs, the CDCs and DATT, as well as local business, religious, and civic organizations have also been instrumental in promoting interaction and dialogue, and in forging linkages. During its brief stay in five urban centers, the team visited and was invited to visit activities being funded by other donors and international NGOs.

As part of its mandate, the Evaluation Team had focused its efforts on trying to envision ways in which the southern Sudan could initiate and implement a strategy that would enable it to make the transition from its lingering dependence on relief to a self-sustaining development-oriented economy. In the current situation, any such transition strategy would need to be a county-based one. For this reason, and taking account of the macro-economic and other constraints inhibiting the transition to a development phase, the timeframe under current conditions for reaching even a preliminary state of self-dependence is probably a matter of a decade or two. The current policy affecting USAID programs in southern Sudan precludes the implementation of programs that directly benefit SPLM public sector institutions at the national level. Given its natural resource base, self-sustaining economic growth is a viable option and should be considered. However, it will require the establishment of close coordinative links among the counties as well as the considerable leveraging of available resources. A change in the current USAID policy would certainly facilitate Sudanese efforts to achieve a growth platform, inasmuch as several of the key constraints to achieving growth will require national-level action, and it should itself be considered an option for STAR Phase II.

## **D. IMPACT ON THE PRIVATE SECTOR**

Years of conflict and the fact that a large portion of local resources and tax revenues is allocated to the war against the government of Sudan have had a devastating effect on the private sector. Although limited, market activity in secure visited areas is increasing as confidence in the future

of the region is being restored. Returnees are gradually investing in the local markets using their savings or remittances. Absence of hyperinflation constitutes another stabilizing factor.

The situation remains precarious, however, as the local economy appears to be highly dependent on NGOs and donor organizations. Markets in population centers hosting large numbers of international organizations are more liquid than others as access to hard currencies (US \$) is possible and salaries are paid directly to employed locals. In addition to the inherent macro economic challenges, private sector entities have to deal with local authorities who can impose their own tax schedules and contributions in complete disregard of the less burdensome schedule designed by "central" tax authorities in Yei. Local traders are subject to the whims of local officials, tax collectors, and military representatives who in the name of war support levy taxes and contributions that are estimated to represent 50 percent to 90 percent of generated profits. The main service provided by the county in return of collected taxes is, as expressed by interviewed county commissioners, security in the marketplace. County authorities do not allocate any funds or labor to the support of health and education sectors or repair and maintenance of county feeder roads that could tremendously benefit private sector development. Local authorities mainly view the private sector at present as an important source of revenue. This short-term vision ignores the importance of supporting the business sector at an embryonic and vulnerable stage in order to encourage the creation of revenue generating entities and ultimately to increase the business tax base. Public-private sector dialogue is very limited in Southern Sudan. Chambers of Commerce visited by the team play a relatively important role in the defense of private sector interests whenever possible.

Private sector development is an important engine of upward mobility and poverty alleviation. A clear commitment by civil and military authorities to private sector development is needed to increase the chances of success and sustainability of any future economic development program in Southern Sudan.

### ***1. The development of business support services***

Agribusiness should be seen as the basis of business support services. These services also need to be profit, not equity driven, and the experience and competence of local Chambers of Commerce need to be taken into account and built upon. Some of the sub-sectors which may yield potential projects are processing/post harvest technologies -- cereals mills, shea butter and other oils processing, fruit transportation, soap; garage -- mechanics and spare parts; crop diversification, vegetable production; veterinary pharmacies; cash crops (eg. groundnuts, tobacco for export to Uganda); and building materials (bricks, roofing tiles, window/door frames).

### ***2. Trade in livestock***

The trade in livestock with Uganda merits special attention. It is evident that this commerce generates considerable cash for investment in trade. Yet it is almost completely an informal sector activity. Small herds of twenty to thirty cattle are herded through the bush to be sold at livestock markets just on the other side of the border. The herders try to avoid police barriers and border crossings. However, because of its clandestine nature, this activity is also an easy target for police and local officials to exploit for "unofficial revenue collections". Efforts need to be made to formalize this trade which could be accomplished through the development of an affordable system of veterinary certification and transit licenses which would permit herders to pursue and expand this trade with a minimum of harassment.

### **3. *Financial services and credit schemes***

There is ample evidence from long experience in Africa that donor-driven credit schemes do not work. The basic reasons for this are that the schemes are plagued with high default rates and lack sustainability. The beneficiaries seldom feel ownership of these schemes simply because it's the foreigners' money, so what's the hurry to pay it back. The result is that the credit scheme disappears with the donor. Credit programs are successful when they are built into a diversified financial services package and seated within a local financial services institution.

The problem in southern Sudan is compounded by the fact that there *is* no local financial services institution on which to build. Basically, a decentralized financial services network needs to be built from scratch. Indeed, a lack of liquidity in the economy is not the only problem faced by micro-finance. There are almost no assets that can be mortgaged that would justify a rapid expansion of credit. Micro-finance must therefore also be approached from a perspective of capacity building.

Creating financial capacity involves mobilizing the surpluses that the economy is already able to produce, turning those into savings, and in turn, into credit and investment. It is likely, moreover, that credit is not the financial service most needed. If asked, many traders and small businessmen/women would likely choose security over credit. A secure system of locally accessible demand deposits is often the most popular (and productive) financial product for the kind of micro-level investors one finds in a place like south Sudan. Team discussions with traders and transporters not affiliated with the STAR program showed that people are capable of mobilizing their own resources to invest in activities that they know will bring a reasonable return.

### **4. *Transport infrastructure rehabilitation***

Finding a solution to the problem of high transport costs will require applying the process of capacity building to road repair and maintenance. Investments in road rehabilitation should be done on a decentralized basis. Donor-funded road rehabilitation should only be done on feeder roads. Repair and maintenance of trunk roads must remain the responsibility of the central authorities. Development of a decentralized feeder road rehabilitation and maintenance program requires three basic prerequisites: user-managed feeder road maintenance; the devolution of administrative responsibility; and private management of fiscal resources allocated to public infrastructures.

Before any transport infrastructure is accepted for rehabilitation work, the beneficiaries must give a firm commitment to undertake the long-term maintenance of the road. Beneficiaries are understood to mean the people living along the road as well as its current and eventual users. Once this commitment is obtained, assistance should be provided to the users in organizing the management structure for road maintenance. Road User Associations have been the usual structure adopted in other African countries, but the final choice of organizational structure should be left up to the users to the extent possible. In any case, the organization must be a legally recognized, statutory entity. Once the actual rehabilitation work begins, technical assistance to the user associations should be included so that they can acquire the necessary road maintenance skills.

Responsibility for the maintenance of feeder roads in most countries in Africa rests with the regional authorities. Empowerment of local, user-managed road maintenance organizations requires that this responsibility be legally transferred to an appropriate local government authority. In southern Sudan the latter is the County Executive Committee. The process normally would involve the signature of a legally binding document by the regional executive whereby he/she delegates administrative competence for feeder road maintenance to the county executive.

Once the "Transfer of Competence" is completed, the county executive, in turn, would delegate the management authority for road maintenance to the duly constituted Road User Association. This "Transfer of Management Authority" should grant the user organization full powers to manage the maintenance of the road, *including the power to collect and spend fiscal resources to that end*. Most user associations eventually opt for some kind of tolling system to finance their maintenance activities. The advantage of the system described here is that it provides the checks and balances necessary for erecting a system of private management of public infrastructures.

By delegating the management authority for maintaining a road, the county executive gives up control over the management of any resultant fiscal receipts (tolls) as well. However, by accepting the *political competence* for road maintenance, it retains the responsibility for the condition of the road, including the use of funds collected and allocated for its maintenance. In essence, the County executive gives up direct control over any cash receipts but retains a *de facto* auditing role *vis-à-vis* the road user organization.

One additional prerequisite for a successful road rehabilitation and maintenance program is that the organization which funds the project (donor) must retain control of the technical aspects of construction of the road. The donor should hire (or create) a management engineering firm, which would assess the feasibility of the road rehabilitation project (including environmental impact assessments), prepare technical specifications for construction work and supervise the rehabilitation work. Construction work should be contracted to small and medium-sized construction firms using a transparent, public tendering process. In the case of southern Sudan, most of these firms will likely be Ugandan or Kenyan. To the extent possible, construction specifications should give preference to labor-intensive operations.

## VII. SUMMARY OF FINDINGS AND CONCLUSIONS

### 1. *The extent to which the STAR project has achieved its objectives*

The Strategic Objective of the STAR project was to increase participatory development and good governance practices in opposition-held areas, while reducing the heavy reliance in many of these areas on relief. Other key objectives included increased participation of civilians in community-level administration, rehabilitation, and small-scale economic development programs; increased levels of accountability, transparency, and respect for human rights among civil authorities; and the increased capacity of institutions to foster democratization and good governance.

Team interviews have generally confirmed the view that, since 1998, living conditions have improved in most stable opposition-administered areas where the STAR program has operated. However, there are no quality of life indicators or welfare indexes to support this finding.

Abundant rainfall, reduced levels of inter-tribal conflict, and agricultural surpluses are cited as key factors behind the improvement. The ongoing war, its impact on agricultural trade, a transport system in disarray, the lack of a common currency, the lack of transparency in the application of SPLM tax collection and fiscal measures, and inadequate financial management and budgeting systems were listed as key constraints to achieving greater progress.

Creation of the CDCs was a step forward in efforts to increase the participation of civilians in community-level administration, rehabilitation, and small-scale economic development programs. The establishment of DATT by the SPLM to serve as a catalyst in mobilizing resources from development partners and in working closely with them to find ways to reduce the area's heavy dependence on relief while increasing donor support for productive economic activities was also a step forward.

Considerably less progress was made in increasing levels of accountability, transparency, and respect for human rights among civil authorities; and in increasing the capacity of institutions to foster democratization and good governance. Limited progress was also made under the project in filling key positions in the civil authorities and in developing policy and regulatory frameworks for governing.

## **2. *The impact of the STAR project on stable communities in opposition-administered areas of Sudan***

Viewed as an attempt to lay the groundwork for a USAID development assistance strategy aimed at facilitating the transition of the economy of the southern Sudan region from one based on relief and rehabilitation activities to one based on developmental initiatives and interventions, the STAR Project has been a success. Viewed in terms of its impact on stable communities in the opposition-administered areas of Sudan, it has created a sense of confidence and helped to bolster market activity. It was evident, however, that this confidence could be readily shattered if bombs were again to be dropped on these communities, as they have been in the past. Nevertheless, STAR has helped to put in place a basic framework of local governance and has created awareness on the part of senior public administrators of the need for accountability and transparency in managing and monitoring budgetary and accounting activities. But, it has also shown the limitations and difficulties inherent in trying to launch a development program without first ensuring that a competent and well-trained civil authority is in place to implement such a program, and that an enabling environment has been established to facilitate its implementation. These are pre-requisites to development that will need to be addressed in any proposed follow-on program of assistance.

## **3. *The sustainability of STAR's interventions in the southern Sudanese economy***

While generally successful in attaining its objectives, the STAR program exposed several challenges for any successor projects aimed at continuing to support the transition from relief to development assistance. In any similar future assistance program, capacity building must remain a priority. This will require the institution and implementation of more effective civil administration training programs and the technical assistance needed to ensure that such programs lead to the emergence of an enabling environment that is conducive to the success and sustainability of development-related initiatives. Primarily because the civil administration training and capacity building initiatives and interventions implemented under the STAR

program, such as the CDCs, did not lead to the creation of such an environment, it is unlikely that they will be sustainable unless a more hospitable environment is created in the near future.

Notwithstanding the inability of the CDCs to manage a nascent micro-lending program, they represent the kind of institution that is needed to attract and engage community leaders in development-oriented activities.

Another factor bearing on the sustainability of STAR's interventions in the Sudanese economy is the role to be played by the private sector. Requests for additional support from the GM/CB were generalized among funded activities. The sustainability of most of the businesses enrolled in the program is not certain given the general lack of entrepreneurship and self-reliance that was displayed in the communities visited by the evaluation team. Of all of the beneficiaries who were interviewed, only one (he owned the Yambio grinding mill) conceded, after asking for further help, that his business was sustainable and would be profitable even in the absence of additional assistance. This is quite likely a manifestation of the culture of dependency on subsidies and assistance that apparently still prevails in the region, which is detrimental to the institution of sound and responsible business management practices. In any event, it points to the need for the USAID to give considerably greater attention to the role that an enfranchised private sector and private initiative might play in shifting the economic orientation in southern Sudan from one based on relief and rehabilitation to one oriented towards development.

#### *4. The effects of long-distance project management*

Many of the key decision-makers and advisors to civil authorities in southern Sudan reside in neighboring countries. Such long-distance management arrangements complicated the implementation of GM/CB activities, by making it difficult for field staff to verify that the information they were providing with respect to CDC grant and loan applications was adequate. Replies were not always received on a timely basis creating a persistent level of frustration for grant applicants, local officials, and local field managers. In addition, whereas comprehensive reports on the status of CDC operations were sent from field offices every six weeks, a review of the data contained in several of these reports by the team, indicated that they were mostly repetitive. In sum, they generally did not contain the kinds of information needed for effective project management. The team was told that the data gathered and forwarded from field activities were seldom used to generate useful feed-back information and lessons learned, and that field trips conducted by home office project managers were sporadic.

Secondly, there appears to be a disconnect prevailing between the SPLM and USAID regarding what USAID and the NGOs are doing in southern Sudan. This includes disagreement, inter alia on the role of the CDC, the method of disbursing funds, the degree or lack of consultation on development activities, and accomplished levels of training within the Civil Authority. To remedy this problem, the USAID should consider developing strategic plans and work programs for each sector in which assistance is to be provided, and ensure that the SPLM buys into the programs, or proposed assistance should not be forthcoming. On both sides of the ledger, development activities should be designed and implemented by participants who are technically experienced in the sector or problem area or subject being addressed. The team recognizes that finding qualified candidates who are willing to work under the living conditions encountered in southern Sudan at present will be difficult. In any event, relief agencies should be used primarily to design and implement emergency relief activities.

## **5. *Gender issues and the impact of STAR on women***

In assessing the status of women and their role in daily life in the areas visited by the team, it is obvious that USAID and its partners in southern Sudan are seriously lagging behind other organizations in terms of gender awareness. Such awareness is especially critical in the case of southern Sudan where women not only play the major role in the economy and constitute more than 60 percent of the population, but also suffer from severe discrimination. Only a tiny proportion of STAR funds is actually being directed to addressing gender imbalance in southern Sudan. As near as could be determined by the team during its short visit, the STAR project's total contributions towards gender equality included partial support of the women who attended the Law Review Workshop, and some localized, beneficial impact on women registered through capacity building and economic empowerment activities.

Clearly, the circumstances are right for an historical shift to a more gender sensitive approach to development in southern Sudan: The official policy of the SPLM is favorable and there are vibrant Sudanese women's organizations determined to build a more just society. As a first step, it should be duly noted that the project management, monitoring and evaluation reports being submitted by USAID/STAR partners, generally lack gender sensitive data recording, displays, and analysis. This oversight should be rectified immediately.

## **6. *The county as the appropriate level for public sector investments in new economic capacity***

Under current circumstances, the county appears to be the appropriate level for making investments in new economic capacity in the Sudan, even though the CDCs institutionally may not be the best vehicle for allocating credit to private sector firms. Consideration will need to be given to establishing a separate, new private sector-focused institutional structure to effect micro-and-small enterprise promotion and finance activities.

As for the CDCs, they could, perhaps, be better used as planning entities to analyze local constraints to development and to find ways to overcome these constraints on a decentralized basis. As county-level institutions, they are well positioned to bring technical assistance to bear where it is most needed to resolve local problems and to serve as a managerial and technical backstop. They are also well positioned and appropriately staffed to identify and initiate and to, perhaps, direct and manage public sector investments in new economic capacity. This would, of course, require that they continue to develop as institutions and find ways to underwrite their activities. Thus far, CDC lending operations and overhead have been subsidized by STAR. A more detailed assessment of the future role and sustainability prospects for the CDCs is set forth in the section immediately below

## **7. *The sustainability of the County Development Committees (CDCs)***

Team interviews with the CDCs indicated that they do not have the capacity at this stage of their development to generate independently or to manage effectively any significant level of resources, nor to plan the economic development of their respective counties, or to coordinate NGO initiatives and programs. For example, none of the CDCs visited by the team had developed a business plan and none had any realistic means of financing their operations, once USAID support was ended. None had any experience in developing, designing or managing economic assistance programs or projects and only one noted that its responsibilities included

developing county economic plans and priorities, promoting community awareness of economic development prospects, soliciting community input to economic plans, or coordinating their activities with the NGO community.

Nevertheless, the establishment of the CDCs represents a potentially major achievement to the extent that they did not exist three years ago. Their membership includes representatives of both the private and public sectors; their management is in the hands of the private sector; and they are involving local residents in the economic development of their communities. To fully realize the benefit of this achievement and to sustain their operations, a significant level of on-site technical assistance is essential to provide CDCs with experience in managing a development organization including training in program planning, project design, implementation and evaluation.

Such on-site technical assistance should be provided by qualified international experts, and not be limited to just the Sudanese, Kenyan and Ugandan communities which are themselves recipients of financial sector technical assistance. It should be provided by development institutions (private or non-profit) with proven experience in the micro lending sector. If the CDCs continue to implement a loan program, it should be restructured from top to bottom, its lending clientele narrowed, and its staff provided with specific training in financial analysis and project design techniques.

As indicated earlier, USAID should continue to support the CDCs as a mechanism for joint civil society and civil authority efforts to plan the future development at the county and lower levels. At some point in the future it will be necessary to also establish a focal point within the civil authority structure to take responsibility for shaping official development policies, strategies and budgets needed for economic development. In any future work with the CDCs there should be explicit provisions made for operational linkages and for exchanges of experience among the CDCs, and for clarification of the respective roles of the CDCs and the civil authority.

#### **8. *Community based organizations (CBOs)***

STAR/CRS assistance to CBOs appears to have been more successful than it was with the CDCs. While some CBO projects have not achieved financial self-sufficiency, they have all exhibited a high degree of community support and have made a significant impact on the confidence and self-esteem of the membership.

#### **9. *Expansion and modification or consolidation of the GM/CB***

GM/CB has received criticism that it has expanded out of Western Equatoria and southern Bahr el Ghazal too slowly. Clearly, consideration should be given to expanding the program into areas where the GM/CB is not currently operational including the Upper Nile and Eastern Equatoria regions, provided adequate technical assistance, training and administrative support are available.

The first step in moving into a county should be the establishment of a CDC, which should be assisted in taking on the task of formulating a development strategy for the county. In addition to citing the steps to be taken and the resources needed to implement public sector activities, the strategy should also indicate the ways that private sector businesses and institutions are to be brought into the process and utilized as agents for change and progress.



In addressing the USAID's questions, posed in the Terms of Reference for the evaluation, as to whether GM/CB implementation has been equitably distributed among the stable counties and whether GM/CB benefits have been equitably distributed within stable counties, the team has two views. The equitable distribution of assets is a key feature of the way the SPLM proposes to govern. Clearly, efforts were made to ensure that STAR funds were equitably distributed. Development experience in other countries has shown, however, that private sector business investments and market expansion are generally the main drivers of the economic development process. Accordingly, this approach to development works best when available investment funds are directed to those individuals or groups most likely to succeed in business. A number of loans were made to the owners of grain mills under the STAR program. Only one of the beneficiaries was able to convert the loan into a profitable venture.

As for the question whether the governance and rehabilitation aspects of GM/CB were appropriately combined, in terms of amount of funding, pace of implementation, etc., to be relevant in each county, the team believes that the two aspects were indeed appropriately combined. As noted above in Section IV.A. above, the funds funneled through the GM/CB to support the creation of revenue generating activities and to thereby "jump start" the local economy, had an undeniable "confidence building" effect on local markets. Similarly, the establishment of the CDCs also had a "beneficial" effect through its efforts to engage and collaborate with community groups in guiding the development process. The businessmen, farmers, and traders who participate in local marketing activities, along with the members of the CDCs, the community groups, and the associations who are trying to guide their communities towards development, were clearly the intended beneficiaries of the GM/CB component. The team's interviews indicated that they were all fully involved in the STAR project's comparatively short implementation process and, despite the limited success of GM/CB initiatives, appeared to have benefited considerably from their involvement in the process.

Given that grant funding was a key element in the GM/CB component, and that increased community involvement, improved community leadership, and capacity building were beneficial outcomes of the activities funded under the component, the undertaking must certainly be viewed as "cost effective", as a development assistance activity. A "longer-term" measurement of the impact and benefits of the various activities funded under the component would be needed, to compute its cost-effectiveness in accounting terms.

#### ***10. The effectiveness of civil administration training and its contribution to good governance***

During the course of the field interviews, the only evidence of a positive impact of civil administration training on the emergence of good governance at the local level was the consistent acknowledgement by county and payam civil authorities of the importance of accountability and transparency in civil authority activity. The importance of respecting human rights, including the rights of women and children, was also emphasized.

There was no evidence uncovered indicating that local authorities are now more accountable to their communities or that there has been an appreciable "empowerment" of these communities. It should be noted in this regard, however, that there are also no baseline data to gauge current practice with past behavior. One group within the local community, i.e., women, provided a positive response to this issue and felt civil authority was in fact more conscious of the needs of women and human rights.

***11. The extent to which the capacities of civil authorities to defend human rights have been enhanced***

To the extent that civil administration training provided civil authorities with an introduction into the issues of human rights, women's rights and the rights of children, it has enhanced the capacity of civil authorities. The team heard comments from individuals in the civil community to the effect that human rights were being respected more now than in the past.

The question as to whether the capacity of civil authorities to deliver basic social services has improved is moot, since there are no basic services currently being provided by civil authorities to the local population.

Reportedly, the role of the military in local administration has been reduced significantly with the exception of their collecting taxes near the fighting. While military authorities ostensibly no longer retain power in the administration of stable areas, all civil authorities at the regional and county levels are appointees, and most of those that were interviewed by members of the evaluation team had a background in the SPLA.

Civil administration in its present form could conceivably evolve into a sustainable program, if run properly. As run by UNICEF, it was clearly not a sustainable program, nor was it an efficiently run one.

In general, the civil administration training provided by UNICEF has contributed to a better understanding of the accountability of public administrators, the principles of public administration, and good governance on the part of the county and payam civil authorities. In itself, this is an achievement as these are not typical features of a military administration. While this has not yet been translated into demonstrable results, until they received training, some payam administrators apparently did think that it was normal practice to use force and coercion to collect taxes.

The CDC is a potential model for promoting better local government, but only if the CDCs are provided additional training to enable them to effectively interact with the civil authorities.

Civil administration training is viewed as critically important to ongoing efforts to foster participatory governance. In fact, it is essential given the current complex and chronic emergency situation extent in some opposition-held areas. Unfortunately, under the recently completed UNICEF civil administration training program, such training was too little, was not institutionalized, and lacked any follow up. As a consequence, the capacity of civil authorities to deliver basic social services has not been appreciably improved. Alternative strategies that could be employed in 2002 and beyond, that would increase participatory governance include:

- Strengthening the local legislative (liberation) committees;
- Institutionalizing the training programs;
- As part of the institutionalization process, linking local southern Sudanese public administration institutions (e.g., IDEAS) with a U.S. counterpart organization experienced in the management of local governments;
- Including training in good government concepts and practices for all CBO activities; and
- Encouraging the development of non-SPLM media.

## **12. *The importance of the research and analysis activities funded under the SACB Component***

The importance of the research and analysis activities being funded under the SACB component of the STAR program centers on the strategic uses to which the information being compiled on the region's abundant agricultural and natural resources, which represent the major share of the southern region's wealth, can be put. The long-term goal of the activity is to establish the institutional capacity to undertake relevant analyses so that well-informed decisions can be made regarding the management of these resources to ensure that they are utilized for the benefit of the overall population of south Sudan.

According to the activity's latest annual report, all six of the working groups being funded under the SABC component are currently involved in implementing action plans. The groups have progressed at different speeds, with some having achieved a great deal while others are still laying the groundwork for future activities. A key recent activity of the Agriculture Working Group was their assessment of post-harvest grain losses in Maridi and Yambio counties. On the basis of the assessment, the group recommended the adoption of improved farm-level post harvest technology, especially for grain storage, handling and processing, and the development of a strategy for increasing local grain reserves and access to markets.

Having acquired work material, including topographic maps and satellite images, the Geology working group began remote sensing in some areas and was preparing to undertake fieldwork in several locations to prepare for selected mapping and survey activities. The group initiated discussions with other working groups on how best to coordinate their activities and how they might help one another while conducting fieldwork. Initial steps were taken by the Forestry and Wild Foods Working Group to undertake surveys of natural forest and plantation resources in six counties located in Equatoria and Bahr el Ghazal. The Legal and Institutional Framework Working Group is currently focusing its efforts on two areas – market information and law. Their findings in these two areas will be integrated to provide a framework for establishing property rights in southern Sudan.

## **13. *Progress to date of the activities funded under the SOAR component***

As noted earlier, the Rumbek School reconstruction project that was funded under the SOAR component and implemented by CRS, has been completed. Activities funded through the SOAR/CRS Educational Rehabilitation Program (EDREP), which are aimed at expanding the capacity of community groups and civil authorities to provide increased quality educational opportunities in opposition-held areas of south Sudan especially for girls, are still in the process of being implemented. Accordingly, whereas only eight girls have been enrolled in the reconstructed Rumbek School to date, EDREP is presently in only its first year of implementation and CRS has been applying lessons learned from its Rumbek experience in the design of EDREP-funded projects. CRS has indicated that it expects the enrollment prospects for girls to increase appreciably in future years as these projects come to fruition.

As noted earlier, the Christian Aid (CA) program of training and institutional development/capacity building which was aimed at promotion of the concept of the rule of law and the development of a judicial system in southern Sudan, has been extended to run through September 2003. Due to on-site staff limitations, the approach being taken by Christian Aid (CA) to strengthen civil society and the legal sector in southern Sudan has necessarily been a "very

distant” one. Regarding the question whether Christian Aid support to improve the administration of justice will be able to achieve this objective without enhancing the capacity of vital law enforcement agencies such as the police and prisons: it would be unlikely that the objective could be achieved without providing such support. In fact, the need to provide such support was often voiced during interviews. At the same time, the fact that there is a lack of financial accounting of the total value of fines collected and of their expenditure, was seldom if ever addressed. It is generally assumed that the fines are used to pay salaries. Depending upon the amount being collected, some portion could be allocated to improving the administration of justice.

The main thrust of the IRC pilot cost-sharing health project was to introduce cost-sharing in two pilot projects, one in Tonji and the other in Mundri. Accordingly, the impact of the activity was highly localized. The team was only able to visit Mundri and interview medical staff at the hospital in Yei where cost sharing had been introduced in April, 2001. From these interviews, it was concluded that promoting cost sharing under the project was untimely, as there are many other priority needs in the health sector that first need to be addressed.

#### ***14. The limited success of efforts to strengthen local government and to enhance civil authority***

The basic structure of local government is in place in southern Sudan and most senior level positions have been filled. There appears to be perceptible improvement among civil administrators in understanding the concepts of good governance and the rule of law, since inception of the STAR Program in 1998. However, from team interviews it also appears that Civil Authority collectively is presently unable to provide any basic public services (water, sanitation, education, police etc.) to the civilian population, primarily as a result of inadequate financial and technical resources, and the lack of requisite public sector infrastructure. Civil Authority also cannot provide such services due to insufficient staff and inadequate training. In addition, there is no public accountability or transparency of action among the Civil Authorities and no public accounting of revenues raised. There is also virtually no accountability of Civil Authority to the legislative branch (Liberation Counsel).

The direct role of the SPLA in administering civilian populations has decreased dramatically from what it was reported to be in 1998. **The SPLA influence in civil administration** is nevertheless significant principally due to the fact the many senior civil administrators have come from the officer ranks of the SPLA, all of whom have been appointed by the SPLM.

### **VIII. KEY ISSUES AND PROBLEMS TO BE ADDRESSED DURING THE DESIGN OF STAR II**

In addition to CRS, UNICEF, Christian Aid, and the IRC, USAID invited DATT to comment on a draft version of the STAR evaluation report. While broadly critical of the manner in which the evaluation was conducted, DATT noted that the options cited by the Team in its report with respect to the design of a second phase, and the recommendations made by the Team on the basis of its evaluation were extremely important. It called for a series of meetings of stakeholders to be held before implementation of the CRS component of a possible STAR II project is allowed to proceed, with the expectation that through dialogue, new priorities and realistic objectives could

be set for a comprehensive development program in south Sudan. DATT's comments are appended hereto as Annex D.

The Evaluation Team concurs in the utility of such dialogue and has therefore, within the context of the recent evaluation, elaborated on several of the issues and problems raised by DATT with a view to enhancing the proposed dialogue. In this regard, it should be noted that the purpose of the evaluation was not limited to just measuring the impact of the STAR project on selected communities in stable opposition-administered areas of Sudan. It also included assessing the sustainability of project-funded interventions in these areas; identifying key issues and problems that need to be addressed during the next phase of STAR; and proposing options for the design of the second phase of STAR. The Team conducted the evaluation, and allocated the time available to it to conduct the evaluation, accordingly.

***1. A problem of presentation in the evaluation report pointed out by DATT that might bear on the design of the next STAR program***

DATT has suggested that the section in the evaluation report that presents factors that affected the achievement of the STAR project's overall objective (Section III) should have been presented after the sections that assessed impact (Sections IV-V). DATT contends that the way it was presented in the report compromises facts and seems to direct attention to "why or why not" rather than "how much impact".

As noted earlier, the primary purpose of the evaluation was to measure the impact of the STAR project on communities in stable opposition-held areas. From the Team's perspective, doing so first required a determination of the extent to which the overall project, its component parts and project-funded activities, had achieved or were achieving their various objectives. As it turned out, Team members quickly learned through interviews and site visits that the implementation of project-funded activities and the extent to which project objectives were being achieved or could be achieved, were being adversely affected by various macro-economic, structural, financial, or other constraints. For example, loans that had been made under the GM/CB component weren't being repaid because the trucks purchased with the loans were in disrepair due to heavily deteriorated road conditions. This, in turn, undercut the operations of a Revolving Fund that had been set up to recycle loan repayments to other borrowers. For this reason and other similar reasons, the Team considered it useful in drafting the report, to identify up front the various factors that had affected or were affecting the achievement of project objectives. It then, after discussing the impact and sustainability of project-funded activities in Section VI, indicated in Section VII, the extent to which the STAR project's objectives had been achieved, notwithstanding the effects of certain constraints.

The lesson learned from this experience and one that should be taken into account in the design of the next STAR project, is the need to identify to the extent feasible the likely effects on project implementation of major identifiable constraints to project implementation, before setting project objectives. Not doing so, as indicated above, can lead to the establishment of an unrealistic set of objectives that could, in turn, have unanticipated adverse effects on the achievement of other project objectives.

2. *A suggestion by DATT that the Team should have acknowledged the progress and impact of broader and sustained SPLM institutional development initiatives and assessed their achievements and need for assistance*

DATT indicated in its comments on the draft report, that it would have had no problem with Section III.B of the report, if the report were a "trip report" rather than an "evaluation". It suggested, for example, that if the team had wanted to evaluate the performance of civil authority, it should have first established a baseline for the evaluation. Such a baseline would have enabled the Team to gauge what the status of the civil authority was like at the beginning of the implementation of the STAR project, and to what extent there had been improvement. In addition, it would have enabled the team to assess how much of the improvement had been due to the impact of the STAR project, and how much was due to other activities. DATT also stated, however, that given the design of the civil administration component of the STAR project, this question may have even been irrelevant, as the training offered thereunder had only benefited some 150-260 payam administrators, while there was no direct support provided to SPLM institutions

Again, as stated earlier, the primary purpose of the evaluation was to measure the impact of STAR-funded activities on communities in stable opposition-held areas. If the Team had been asked to evaluate the performance of civil authority as such, it would certainly have considered establishing a baseline. What was being evaluated in this instance, however, was not the performance of civilian authority, but the results and utility of a series of three STAR-funded training programs that were conducted for payam administrators. Accordingly, the Team made a concerted effort to find out how appropriate and beneficial the training had been. It learned that the participants had perceived the training as worth while, and that it had given them a better understanding of their role and responsibilities in Civil Authority (see Section V.A.2 above). However, no effort had been made at the time to determine the extent to which the training had led to improvements in their administrative performance. By itself, this doesn't constitute much of a baseline on which to measure the impact of this particular STAR-funded activity, let alone the performance of civil authority.

Clearly, the main point being made here is not that STAR funds were provided for training for some 150-260 payam administrators, but that no direct support was given to SPLM institutions. This is certainly something to be considered by USAID as it proceeds to design a follow-on STAR II project. The Team considers it to be beyond the scope of this evaluation.

3. *Recommendations that emerged from the Economic Governance Workshop held in Yambio in October 1999 that should be pursued*

DATT has noted that the contribution of the SPLM to the success of the STAR project goes well beyond the creation of the DATT. Indeed, it represented a phase in the political development of the SPLM that was characterized by strategic thinking and planning, and a commitment to broad-based participation in socio-economic and political decisions. Several other technical bodies were created at about the same time as DATT, including the Natural Resource Management and Utilization Committee (NRMUC), and the Taxation, Banking and Currency Committee (TBCC). DATT considers it important to note that these decisions were made soon after an Economic Governance Workshop was held in Yambio in October 1999. The Workshop was partially funded by STAR, and was attended by a cross section of civil society and senior members of the

SPLM leadership, including the SPLM Chairman who testified to the SPLM's commitment to change.

The Team considers the Yambio Workshop to have been a benchmark event in the evolution of the SPLM's efforts to put southern Sudan on a path to development. The Workshop was organized by the Economic Society of the New Sudan (ESNS) and the Secretariat of Finance. Team members had meetings during its last week in Nairobi with officials of both organizations who had been instrumental in organizing the Workshop.

The Evaluation Team regards the resolutions or declarations of intent and the list of recommendations for action that were drawn up during the Workshop, with respect to the financial and economic issues that were discussed, and the Civil Authority of the New Sudan (CANS), to be of particular interest. In fact, the Team recommends that the lists be revisited by USAID and discussed with representatives of DATT in conjunction with the design of STAR II, with a view to identifying which of the resolutions have been fulfilled and which of the recommendations have been pursued, and which have not. The resultant listing of what remains to be done should provide useful insights into how some of the resources to be provided under the STAR II project might be allocated and what the priorities should be. It would also be useful in updating the current development and development assistance strategies of the SPLM and USAID. Copies of the Workshop listings are included in Annex F, attached hereto.

#### **4.     *The need to recast the role of the CDCs***

In addition to commenting on the shortcomings of the evaluation, DATT also registered its disappointment with the CRS for its failure to enhance the capacities of the CDCs as agents of development, i.e., by providing it with skills for community needs assessments, prioritization, project planning, resource mobilization, and project implementation. In this regard, DATT noted that CRS did not establish the CDCs; its role was to build their capacities with the aim of increasing the participation of local communities in the allocation of resources as well setting county development agenda. What the evaluation team should have done was to determine to what extent the CRS had managed to build the capacity of the CDC's.

The team agrees that it was also disappointed to find that the CDCs had not been cast in the role of agents of development. Recasting them in a more suitable role along the lines suggested by DATT is certainly something that needs to be undertaken before significant amounts of additional funding are provided. From what the team has observed, their role should also include establishing and maintaining county baseline data banks, to help guide development efforts and to provide a basis for tracking development progress and the impact of development assistance activities.

As for what the evaluation team should have done, it did what it was hired to do. It assessed the extent to which the capacities of the CDCs were being built as intended, and noted that the CDCs original charters had included broad tasks intended to advise the county commissioner on priority development action and to serve as a bridge between civil authority and civil society. It then also pointed out that instead of performing those tasks, the CDCs had been reduced to *de facto* collection agencies, while their development and coordination tasks, which are key to the rationalization and prioritization tasks, were being ignored (see pages 14-15).

## **5. *The problem of inadequate commercial infrastructure***

In its comments, DATT has observed that even peaceful countries, which do not currently have a liberation war to finance, borrow money from international financial institutions to cover the costs of infrastructure and social development, an approach that is out of the question for SPLM, at least for now. Further, DATT believes that the evaluation report should have shown that county authorities have the finances to build and repair infrastructure and are deliberately refusing or are unwilling to undertake the responsibility for so doing. Otherwise the statement made in Section III.C.2 regarding the inadequacy of existing commercial infrastructure carries no value.

DATT further observed that the report does not acknowledge the huge improvements in the past four years that have been made in commercial infrastructure development, nor does it say anything about the types of commercial institutions and services that existed in the south before the civil war. The truth is, that apart from the Unity Bank, with its branches in Juba, Yambio and Yei, which were used by northern traders to channel back to the North funds that they had earned in the south, much of the south did not see or have the luxury of using a bank or accessing financial services. Most people, including those living in the urban areas, kept their money in their houses and borrowed money when needed from friends, relatives or Northern traders.

Clearly, the Team would have welcomed from DATT, during its post-field trip debriefing, - had time permitted - a presentation of the "huge improvements registered during the past four years in commercial infrastructure development." In addition, from its assessment of how tax revenues were collected and spent, the team questions the DATT assertion that the counties do indeed have the finances to build and repair infrastructure and are deliberately refusing or are unwilling to undertake the responsibility for doing so. Certainly, rehabilitation of the road system alone will require huge outlays of funds well beyond whatever resources the counties can currently bring to the task. This is an issue that needs to be addressed with some urgency, however, if accelerated commercial development in southern Sudan is to remain a feasible option.

## **6. *The issue of expanded trade with Uganda***

DATT has noted in its comments that the on going war has made socio-economic development difficult, a fact that was certainly evident to the Evaluation Team during its visits to field sites in the southern region. It has also noted that there wasn't really much done in terms of infrastructure and socio-economic development in the rural parts of the south before the civil war. The focus of the policy of the Khartoum Government was directed at the establishment of mechanized irrigated agriculture schemes, most of which were located in the north, and this is where most of the resources to improve physical, financial and technical infrastructure were directed. As a consequence, the rain-fed subsistence farming in the south and other marginalized areas was contributing almost nothing to GDP.

With the ongoing war, markets, marketing routes, commodities and the players involved have changed. Custom records in Yei/Kaya indicate that there has been a steady increase in the volume of southern Sudan's trade with Uganda since 1997. In 2001 alone over 3,000 herds of cattle, 200 MT of coffee, over 200 MT of sesame, 200 MT of Cassava flour, and groundnuts, 20 MT of honey, etc., were exported to Uganda. Furthermore, there are also enormous trade opportunities for the South (timber, honey, sesame, palm oil etc) through the East African



Community, COMESA and AGOA which Kenyans and Uganda producers have not been able to satisfy. Consequently, DATT expected the evaluation team to recommend market oriented crop production, processing and value adding to increase access to domestic and export markets.

The Team believes that the SPLM should, and will eventually come to realize that it needs to address domestic production and marketing constraints, before launching into export production. The DATT assertion that exporting 200 MT of cassava and 200 MT of sesame to Uganda represents great potential is not very reassuring. During the late 70's and early 80's (before the second phase of the civil war) Sudan was the second or third leading exporter of groundnuts in the world. These groundnuts were not raised on irrigated farms in the north, but by small farmers in Bahr El Ghazal and Equatoria. The total volume of exports during this period was not hundreds of metric tons, nor even tens of thousands of metric tons, it was hundreds of thousands of metric tons. That represents a much more realistic measure of lost agricultural potential, and is certainly a much more reliable indicator of the prospects for expanded trade with Uganda, as Sudan exports comparatively insignificant quantities of ground-nuts these days.

## **IX. OPTIONS TO BE CONSIDERED FOR THE DESIGN OF THE SECOND PHASE OF STAR**

### **1. *Options related to the issue of expanding STAR activities to new counties vs. consolidating STAR activities in current counties***

At some point, both options need to be exercised, i.e., a start needs to be made towards increasing participatory development and governance practices in all opposition-held areas if the SPLM attempt at nation-building is to succeed, while reducing the heavy reliance in many of these areas on relief. At the same time, gains have been made in the original set of STAR counties, and these ought to be consolidated to build a firm platform for further development initiatives. Accordingly, USAID should consider designing STAR II in a manner that will permit it to be implemented in terms of two major components or sub-projects: one geared towards facilitating the regional expansion of STAR, the other towards consolidating the gains made to date in the original set of participating counties. At some point in the future, perhaps in 3-4 years, an overall consolidation of effort might be feasible and will be necessary at such time as a national level of governance will come into play. In fact, at that point if not now, USAID assistance to southern Sudan might best be explicitly shifted to a program/project management basis as opposed to the project/component basis currently being employed.

The kinds of activities to be undertaken by new entrants to the program, should mirror those carried out under the STAR I project, taking account of mistakes made and lessons learned. With respect to building on the gains made in the initial set of participating counties, it will be important that interventions and support for proposed initiatives are better targeted. Secondly, that they provide for adequate and appropriate technical assistance, and ensure that follow-on monitoring and assessments become an integral part of the project or activity implementation process.

### **2. *Program options for addressing gender issues more effectively in STAR II***

Limited progress was made towards enhancing the status of women within STAR. By actively addressing gender imbalance, STAR II and other USAID funded projects in southern Sudan

would help to achieve more equitable development. To do so, some projects need to address the root causes of women's poor participation, which include a heavy workload, negative traditional practices, and insensitive and ineffective statutory laws. A sociological approach to working on changing men's attitudes and violence towards women also needs to be included. By planning projects in close collaboration with active Sudanese women and organizations already committed to addressing gender imbalance key advances can be made. The following points should be used as overall guidelines:

- Establish a gender strategy and strategic gender objectives for all programs.
- Establish a policy of extensively consulting and collaborating with active women's groups in order to define gender objectives.
- Attribute funds specifically for addressing gender issues.
- Within the various planned projects, apply quotas for women's participation as beneficiaries. The aim in these quotas should be set at a level of at least 60 percent participation. Provisional quotas that are inferior may be used as intermediary steps but the overall objective must be women's full participation in relation to their actual numbers.
- Remember that quotas will not be enough unless simultaneous action is taken to enable women to participate fully in the programs offered.
- Accompany any activities that might be perceived as cultural changes with awareness raising for the whole community (men and women). Targeting local leaders who can set examples to the community (e.g. by sending their girl children to school, allowing them to complete their education, encouraging their wives to get additional training etc...) is one of many strategies.
- Take into account women's multiple responsibilities and particular vulnerabilities when planning the venues and timing for training .
- Make provisions for bringing women up to selection criteria levels.
- Women and girls need special encouragement to see themselves as important, capable and deserving of equal opportunities.
- Make capacity building of existing women's organizations in southern Sudan a priority. Support the networking of organizations addressing gender issues within Sudan and outside of Sudan. This will help strengthen the southern Sudanese women's movement.
- Institute gender sensitive monitoring. This will enable project managers to continuously learn from mistakes and correct them quickly.

### **3. *Capacity building must remain a priority.***

While generally successful in attaining its limited objectives, the STAR program exposed several challenges for any successor project aimed at continuing the transition from relief to development assistance. For any future implementing agency, the funneling of development assistance through civil society will continue, but considerable effort still needs to be made to increase the management and support capacity of the relatively weak institutions in this sector. Civil administration needs continued reinforcement of its capacity to facilitate development through the creation of an enabling environment. At the local level it needs reinforcement in order to permit it to efficiently and transparently carry out its functions. Accordingly, capacity building in the public sector must remain a priority and should continue to be aimed at:

- Building a local government and public administration that is accountable to the local legislature and capable of providing essential services, including road maintenance; and
- Creating and maintaining the basic infrastructure that is needed to sustain public and private sector development initiatives, i.e., roads, bridges, power generation facilities, transmission and distribution facilities, water purification systems, solid waste removal, etc.

**4. *Investments should be made in expanding the provision of agricultural services vs. production***

Investments in agriculture should be made in the provision of agricultural services, not production, inasmuch as farmers in southern Sudan have demonstrated their ability to generate agricultural production surpluses. The problem now being faced by them involves getting their goods to market. This means that the kinds of development assistance to be provided to this sector should be made in partnership with the private sector, and should be demand-driven.

**5. *There is a need to increase business access to financing***

Business development and investment in southern Sudan is principally hindered by the complete absence of financial institutions. At this stage and given the basic state of the local private sector, improved access to financing is by far the highest impact private sector development activity that can be implemented by USAID. REDSO has already initiated the transition from relief to development in the financial services sector by recently issuing a Request for Proposals (RFP) with the objective of creating an MFI that would cater to the agricultural sector. Broad-based targeted micro finance programs will need to be developed in order to increase the outreach and the impact of USAID's investments in the field. Microfinance institutions empower individuals and groups allowing them to accumulate small-scale capital crucial for economic and social mobility. In order to guarantee the long term success of microfinance programs, services offered should be demand driven and should not be restricted to a certain group, sector, or category. This is especially true in the southern Sudanese context where there are no financial institutions to respond to the existing high demand emanating from markets located in population centers steadily fed by the arrival of returnees and internally displaced persons. Agricultural financial services programs are generally harder and more expensive to implement due to the low population density in rural areas. Rural microfinance activities generally suffer when expansion areas are difficult to access given the conditions of the roads and unrepaired infrastructure.

Savings mobilization should be a first priority in the development of a decentralized financial services network. The development of agricultural credit unions should be included in the design of an MFI component;

**6. *Quick and high impact micro-finance programs will need to be implemented in densely populated and commercially active areas***

Financial products and services should be extended to non-agricultural segments of the market. Local traders and businesses for example would benefit tremendously from working capital micro-loans and other short-term microcredit products that will ultimately qualify them to graduate to larger long-term loans after they have established credible credit histories.

Microloans would assist businesses in the acquisition of durable goods, which can be divested in times of crisis. Households and microenterprises would also benefit from housing repair or construction loans especially in a region devastated by years of armed conflict. Microloans would assist households in the diversification of their income sources thus reducing their financial vulnerability.

**7. *There is a need for the STAR project to impact on SPLM public sector institutions at the national level***

USAID should pursue this goal through public and private indigenous institutions working at the county level. USAID has to date necessarily excluded working at the regional or “national” level for political reasons.

**8. *Increased development assistance should be linked to conditionality***

A number of challenges are also implicit for SPLM in the transition from relief to development. The SPLM needs to demonstrate by actions as well as words that it is committed to “Peace through Development”. Among the actions that would confirm this commitment, are the following:

- A more balanced allocation of fiscal resources (especially the allocation of SPLM fiscal and physical resources to trunk road rehabilitation). It is unacceptable for 70 percent of fiscal receipts to go to the military in a development program.
- Better integration of the lessons learned from capacity building in civil society into the performance of civil administration. In a truly democratic system, training and competence provided to and by civil society are transferred to civil authority through the electoral process.
- A more consistent effort to rebuild public infrastructures and restore public services. Given the lack of public resources, a strategy of public/private partnership in the management of public infrastructure is strongly advised
- Pay and monitor the performance of civil servants
- Provide real evidence of the actual provision of public services

**9. *The STAR II program will need to take account of four new USAID assistance programs***

Two of which will be components of the STAR II Project:

**The South Sudan Local Government Strengthening (SSLGS) or LOGOS program**

The South Sudan Local Government Strengthening (SSLGS) or LOGOS program, short for Local Government Strengthening. The LOGOS program would attempt to get the local government system (from the County level downward) up and running in areas under the control of the opposition.

### **The "Peace Fund"**

The "Peace Fund", which would attempt to promote, consolidate, and maintain peace through traditional and other proven conflict prevention and resolution mechanisms in New Sudan. The "Peace Fund" will be a component of the STAR II Project.

It has been noted that IDEAS has more than a passing interest in the Peace Fund. The Civil Administration Training Program (CATP) has not yet been launched because it does not have guaranteed funding. IDEAS operates a "Distance Learning and Peace Center", which currently operates a Distance Teacher Education Unit but not a Peace Center. The Peace Fund might therefore provide an opportunity for the Peace Center to get the funding it needs to become operational.

Two of which will not be components of the STAR II Project:

### **The Sudan Basic Education Program**

The Sudan Basic Education Program, a five-year \$20 million program focused on improving teacher education; increasing the capacity of primary schools to deliver quality education, especially for girls; and improving non-formal education for out-of-school youth and adult learners through distance learning methods. The Sudan Basic Education Program will not be a component of the STAR II Project.<sup>5</sup>

### **The Southern Sudan Agricultural Revitalization Project (SSARP)**

The Southern Sudan Agricultural Revitalization Project (SSARP), which is also a five-year program, but with \$22.5 million in funds, and which covers the five regions of the New Sudan (i.e., Upper Nile, Bahr el Ghazal, Equatoria, Southern Blue Nile, and the Nuba Mountains. The overall objective of SSARP is to increase the capacity for agricultural production and marketing by increasing access to agricultural skills and technology; increasing access to capital for agricultural enterprises; and increasing the capacity of commodity networks to facilitate expanded trade. The Southern Sudan Agricultural Revitalization Project (SSARP) will not be a component of the STAR II Project.

## **X. RECOMMENDATIONS**

*1. USAID should consider incorporating four discrete project components or activities in designing the second phase of the STAR Program:*

*a. A strategic analysis and development program coordination activity*

This component should build on and follow-up on the Strategic Analysis /Capacity Building (SACB) component of the STAR Project. As noted earlier, the region's abundant agricultural and natural resources represent the major share of southern Sudan's wealth. The long-term goal of the SABC activity is to establish the institutional capacity to undertake relevant analyses so that well-informed decisions can be made regarding the management of these resources to ensure that they are utilized for the benefit of the overall population of south Sudan. To ensure that this objective is achieved will require that linkages be established between SACB strategic analysis

activities and SPLM/DATT development program coordination activities. Also, as indicated below, linkages will need to be established as well between SPLM/DATT development program planning and coordination activities and USAID development assistance program planning activities. Accordingly, the overall objective of this component would be to bring about the establishment of a strategic framework that would serve to effectively link the beneficial exploitation of southern Sudan's resource base, SPLM economic development initiatives, and USAID development assistance programs and plans.

Funding should therefore continue to be provided to support the kinds of analytical activities that were undertaken during the initial STAR Project. In fact, such studies should be broadened to include other sectors of vital interest to the economy. Steps should also be taken to ensure that the experts who undertake these studies are included as participants in SPLM/DATT development program planning and coordination activities, as warranted, and in sector strategy development and implementation monitoring and review exercises.

**b. An economic rehabilitation and enterprise development program**

This should build on and follow-up on the Grant Making/Capacity Building (GMCB) Component. It would substitute for the proposed Economic Rehabilitation Program (ECREP) that has been approved by USAID, and which was to have started October 1, 2001. It would also undertake to expand to other counties efforts initiated under the GM/CB component to assist civil society groups in establishing Country Development Committees (CDCs), thereby enabling the civil society and the authorities to work closely in drafting and implementing development strategies for their counties.

**c. The Local Government Strengthening (LOGOS) program**

The USAID has already approved this program, which will build on and follow-up on the Civil Administration Component of the STAR Project.

**d. A program of activities designed to enhance self-reliance at the local community level through women's empowerment, conflict resolution, capacity building, and community development**

One of the main outputs of the Economic Governance Workshop held in Yambio in 1999, was the challenge issued by Dr. John Garang, the Chairman of the SPLM, to the Sudanese citizens living in the liberated areas of the Sudan and other stakeholders, to empower themselves through development. His ideas are incorporated in the booklet, *Peace through Development*, which has been widely distributed. The Chairman noted that empowering the civil society would require their participation in efforts to achieve peace through conflict resolution, and in mobilizing the resources needed for the reconstruction and development of the liberated areas. A key task assigned to the DATT, which had been established just prior to the Yambio Workshop, was to find ways to work through community organizations such as the CDCs and CBOs, to use the STAR project as a catalyst in mobilizing the resources needed to meet this challenge.

A key objective of the SOAR component of the STAR project was to help reduce the heavy reliance on relief in southern Sudan by providing to communities the tools necessary for them to develop themselves. CA's strategy under the SOAR component, of working through community based organizations (CBOs) to implement their capacity building activities, proved to be a very

efficient and successful approach. The objective of this component of the STAR II project should be to continue, and build on that success.

Activities to be pursued under this component should therefore be, in large part, focused on enhancing the economic, political and social status of women and their participation in the development process. As indicated in the USG's Integrated Strategic Plan, the majority of southern Sudanese (60-65 %) at present are women. As noted in Section VIII above, limited progress was made towards enhancing the status of women within the STAR I project. This, in effect, constitutes an unfortunate misuse of available human resources. Actively addressing gender imbalance under STAR II, and under other USAID funded projects in southern Sudan, would accelerate efforts to achieve more equitable development, the main objective of the Yambio Workshop.

The forthcoming Peace Fund is to be undertaken in the context of the U.S. Government's strategy to increase the self-reliance of Sudanese, and expand their capacities to rehabilitate their economy and communities, mitigate conflicts, and better prepare for an eventual transition to lasting peace. USAID's experience under the STAR I project indicates that, given this emphasis on self-reliance through community development and self-reliance, the Peace Fund should be implemented to the greatest extent possible through local communities and organizations. Accordingly, this component of the next STAR project should be designed to become one of the main implementing vehicles for the Peace Fund.

**2. *USAID should seek to forge monitoring and support linkages between its development assistance strategy and the comprehensive strategy for rehabilitation, reconstruction and socio-economic development currently being developed by the SPLM's newly-established Strategic Planning Agency for Sudan Transition (SPAST)***

The team has noted that assisting Sudanese to take charge of their own development, which entails developing a greater understanding of and reliance on their own resources, constitutes one of the basic operational principles underlying implementation of the USG's Integrated Strategic Plan governing assistance to Sudan for 2000-2002. The team has also noted the recent creation by the SPLM of the Strategic Planning Agency for the Sudan Transition (SPAST). This new agency will, among other things:

- Prepare, with DATT assistance, a comprehensive strategy for the rehabilitation and reconstruction of the war-torn areas of the Sudan;
- Assist Counties in preparing their own local strategic plans;
- Assist Regions in designing regional fiscal strategies;
- Coordinate and monitor the flow of financial and technical resources from official development assistance, private sector, and international NGOs, into SPLM-administered areas; and
- Provide guidelines for private sector investment in these areas.

In line with its efforts to support SPLM efforts to develop a greater reliance on their own resources, the team recommends that the USAID take steps to ensure that the U.S. Government's current Integrated Strategic Plan governing USAID assistance to Sudan, is modified as warranted to support the SPAST initiative. The team also recommends that in exchange for its support, USAID require SPLM/SPA agreement to provide to USAID on a timely basis:

- Information relevant to USAID assistance efforts concerning the means by which the SPLM/SPAST/DATT propose to coordinate and monitor the flow of financial and technical resources into SPLM-administered areas;
- Specific information regarding the nature, scale, allocation, and proposed utilization of assistance that the SPLM/SPA proposes to solicit from USAID;
- Information relevant to USAID assistance efforts as to the guidelines being developed by SPAST for private sector investment activities.

The timely exchange of the foregoing information should bring about a congruence of effort and intentions regarding development assistance activities between the USAID and the SPLM/SPAST/DATT that appears to have been problematic under the initial STAR project.

**3. *Efforts should be initiated to build up the gender capacity of the Sudan program at USAID***

Build up the gender capacity of the Sudan program at USAID, by allocating experienced personnel available at USAID to the Sudan Office, or by hiring an experienced gender specialist for the Sudan program. Simultaneously train the remaining decision making personnel so that they have a good understanding of gender issues and are supportive of the necessary changes. Work with partners that have a good gender “track record”, and if none are available demand that partners actively upgrade their gender capacities. Identify active Sudanese Women’s groups (both in Sudan and Nairobi) and consult extensively with them for strategic planning, project design and implementation of all projects in order to insure that they address key gender issues.

Support and build up the capacity of existent and active Sudanese women’s groups.

**4. *USAID should increase the local presence of expatriate expertise and management***

STAR has shown the limitations of long distance project management in southern Sudan. There is no doubt that the long-term local presence of competent expatriate and local experts would have enhanced STAR’s performance. Any follow-on project should require that local resident advisors be recruited to monitor and assess the performance of STAR activities, and to make timely adjustments in the way programs are being implemented and services provided

**5. *The Economic Rehabilitation Program’s (ECREP) Scope of Work should be revised to support the implementation of a micro-finance program***

While the STAR program was officially ended on June 30, 2002, GM/CB program activities have been extended under the ECREP contract with CRS until 2004. With the imminent introduction of *bona fide* micro-finance programs in Southern Sudan, the continuation of GM/CB activities presents a challenge to the efficient institution of local micro-finance institutions (MFIs). The continued implementation of a grants program, with an inadequate interest free loan repayment record, will limit the potential market of newly instituted MFIs as local entrepreneurs will naturally prefer to receive a grant or an interest free loan with no repayment obligations attached rather than apply for a loan through an MFI. The continued operation of under-performing and inefficient CDC revolving funds also present “loan habits” developed through years of extension of subsidies to local revenue generating activities through GM/CB will probably be one of the main challenges that MFI programs implementing organizations will have to face.



ECREP's scope of work should be revised to support the proper implementation of MFI programs. Ideally, grants making activities should be phased out and limited to "extreme" cases. More efforts should be invested in the recuperation of outstanding loans and the immediate activation of any repayment agreements or understandings with delinquent loan recipients before the first USAID supported MFI initiated its operations. The implementing NGO should also concentrate on insuring the sustainability of the activities financed under GMCB and significantly decreasing their continued dependence on subsidized inputs. EC-REP funds could also be used on deeper and more expansive training modules in business management and microfinance and initiate the training of future loan officers to be hired by future MFIs. CDCs should be assisted to concentrate on their developmental and coordination tasks. The CDCs should not be in the business of loan making when "real" MFIs are being instituted. Competencies within the CDCs, once further training is provided, could be employed by newly created MFIs who will have to manage the lack of local professionals in a position to properly assist in the implementation of microfinance programs.

Other steps to be taken include the following:

**a. Enabling local MFIs to offer deposit services**

Although the local economy suffers from a noticeable lack of liquidity, deposit services should be offered by local MFIs at an early stage to instill a certain level of trust and commitment between the local population and the newly instituted MFIs. Saving services should be incorporated in the microfinance program strategy to satisfy the unmet demand for savings accounts with formal depository institutions. This was largely expressed by the local business community for security reasons. The level of economic activity will determine the demand for saving services and the degree of importance of deposit services in the mix of financial products offered.

Microfinance best practices and lessons learned in low level conflict areas should be capitalized on to speed up program implementation and ensure the adequate management of obstacles presented by existing environmental factors. The organizational structure of MFIs in Southern Sudan should however be adapted to the nature, size, and composition of identified local markets and to the social and institutional realities on the ground. Copying successful models applied in other countries without a thorough market analysis would not necessarily produce desirable results. An adapted monitoring and evaluation system preferably using the CAMEL approach (Capital Adequacy, Asset Quality, Management, Earnings, and Liquidity Management.) to evaluate the financial and managerial soundness and performance of the implemented MFI programs should be instituted at the inception of the program to allow for eventual rectifications and adjustments.

An enabling legislation for MFIs, understood, accepted, and respected by SPLM/A representatives, should be drafted in the early stages of implementation to limit the uncertainty created by the current inexistence of a regulatory framework

Despite the devastating effects of the war on the local economy, MFIs will not be operating in a cultural vacuum. Microcredit programs should capitalize on the fact that traditional credit schemes, Sandouks, have been used in Southern Sudan for years. Some local traders have been supporting each other in times of need through interest free loans. Village banking and group lending activities should be reintroduced and supported especially in remote rural areas where

operational costs for MFIs are high and generally (unless subsidized) inflate the level of interest rates offered.

**b. Instituting a Business Development Services (BDS) program**

The institution of a BDS program is a *sine qua non* to the success of MFI projects especially in a post/low conflict environment where human capital has been depleted by war and the pool of local skilled workers and professionals is limited. Business development services should be incorporated in MFI programs or implemented separately when their inclusion could inflate effective microloan interest rates to unsustainable levels. Targeted and adapted BDS products concentrating on business management, marketing, and pricing will improve the performance of loan recipients and ultimately limit default rates. Providing training of trainers (TOT) programs in business development with the objective of outsourcing these services through local professionals or SINGOs would decrease implementation and overhead costs. Given the absence of local expertise, initial BDS programs will include high subsidy content. Beneficiaries, especially existing microenterprises, could be asked at later stages to share the cost of services provided by local trainers or specialized SINGOs to insure the sustainability of local BDS suppliers.

**c. The development of user-friendly Management Information Systems (MIS) for micro-finance institutions (MFIs)**

Operating in Southern Sudan is expensive. Keeping low overhead costs without affecting performance will be a crucial determinant of the success and sustainability of local MFIs. Efficient, user friendly, and adapted management information systems are key to the decrease of overhead costs and the implementation of efficient loan management activities.

**d. The institutional strengthening of Chambers of Commerce**

Chambers of Commerce can play a catalytic role in private sector development especially in Southern Sudan where businesses suffer from the existing institutional and regulatory vacuum. Local businesses need adequate representation to defend their interest from prevalent abusive tax and contribution practices. The portfolio of services provided by chambers of commerce to its members should be developed to include arbitrage services in the absence of commercial courts, marketing services, and business training programs.

**e. The introduction of private sector development training modules for civil administrators and tax collectors**

Civil authority and administration representatives would greatly benefit from training programs designed to increase their awareness of the importance of the private sector. A collaborative private public partnership is key the creation of an enabling private sector development environment.

**f. The development of vocational training programs**

In addition to providing business management training modules, vocational training programs should be offered to increase the potential client base of MFIs. Trained locals in different trades will constitute an ideal pool of entrepreneurship that can be tapped by local MFIs. It is important to take steps to make sure that these vocational centers are available to women and offer them a wide range of skills, and not just typical labor intensive "women's" skills.

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## ANNEXES

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## ANNEX A

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## ANNEX B

### PERSONS INTERVIEWED AND SITE VISITS

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#### LIST OF PERSONS MET AND PROJECTS VISITED

##### In Nairobi

- USAID REDSO/ESO: Gerald Cashion, Paul McDermott, Flynn Fuller, James Walsh, Wanjiku Muhato, USAID Regional Advisor on Gender Issues
- DATT: Philip Thon Leek, Team leader, Anne ITTO, Assistant team leader, Seaf Balula, southern Blue Nile rep. and Hastin Aniso (southern Blue Nile)
- Unicef: Dr. Sharad Sapra, Deputy Humanitarian Coordinator and others from Unicef, David Deng (Consultant)
- Christian Relief Services-CRS: Vincent Langdon-Morris and Margaret Njoroge and Paul townsend – CRS Nairobi, Nazareno Ngare - CRS Rumbek, Leonard Logo - CRS Yambio, Geyson - CRS Mundri and Maridi, Nartisio loluke – CRS Kajo-Keji and Nimule
- International Rescue Committee-IRC: Adèle Sowinska.
- Christian Aid, Paul Savage, Simon Richards
- PACT, Bill Paulidheiro?
- Majak D'Agoût, Economics and Distance Learning
- Meeting with members of the NRMUC (SACB Component): Cirino Uyuki (Agriculture), John Ater (Livestock), John Ariki (Geology and Mineral Resources and Malik Doka (Wildlife)
- Sudanese NGOs and Societies:
  - Sudan Medical Care, Henry Laso,
  - (Jonglei Association of Relief and Rehabilitation and Development-JARRAD, Gabriel Alaak Garang
  - Widows Orphans and Disabled Rehabilitation Association of the New Sudan-WODRANS, Rebecca Nyandeng de Mabior
  - Economic Society of New Sudan, Moses Mabior
  - SUPRAID, Acuil Banggol
  - FOSCO, Thomas Taban (Livestock Sector)
  - New Sudan Women's Federation, Dr. Sittona A. Osman
  - NESI-Network, Suzanne S. Jambo
  - Dr. Sittona A. Osman, New Sudan Women Federation
  - Suzanne Jambo, NESI-Network Desk Officer
  - NSCC: Awud Deng Achuil peace mobilizer, Elizabeth Otieno Kigwe

##### In Sudan

- Sudanese Authorities:
  - RASS Agriculture Coordinator, Bichok Gony

- Rumbek County Secretary, Paul Makuei
  - SRRA Executive Director for New Sudan, Elijah Malok
  - Commissioner for Legal Affairs and Constitutional Development, Mickael Makuei Lueth
  - Executive Director SPLM Rumbek County, Gabriel Anyar,
  - County Education Director, Gabriel Kuc
  - SPLM Executive Director Yambio County, Moses Tabura
  - Yambio County secretary, Mary Biba
  - Mundri County Secretary, Elikana Tiger
  - Jasmine Samuel (SRRA secretary)
  - Mary Yapete (SSRA Veterinary Coordinator and CDC Deputy Treasurer)
  - Maridi County Executive Secretary, Samuel Reziki
  - Yei River County Secretary,
  - Ayom Math, Director of Taxation, Makuei Deng, and Michael Amula
  - Arthur Akuen Chuol, Commissioner of Finance and Economic Planning
- 
- Sudanese Judiciary: Justice Deng Bium, High Court Judge for Circuit “2”<sup>1</sup>, Justice Paul Mayom, High Court Judge, Equatoria
- 
- GMCB funded projects:
    - Mapourdit Women Grinding Mill
    - ECS Mothers Union Lulu Oil Processing in Alol (near Wulu)
    - BYDA Women’s group
    - Lakes Transport Group
    - Rumbek Grain Traders Association
    - New Moon Wholesale Association
    - Yambio Farmer’s Association (YAFA)
    - Kpinga Grinding Mill
    - Ogoyocayi Express Transporters
    - Maridi Honey Production and Marketing project
    - Maridi Catholic Women’s Grinding Mill
    - Angutua Saw Mill project
    - Catholic Women’s Grinding Mill, Lasu (Yei River County)
    - Yei Vegetable Production (Christian Women Empowerment group)
- 
- Sudanese NGOs and CBOs:
    - SURDA, Pauline Riak
    - “Kony Rot” (*Help yourself*), Rebecca Yar Kuc
    - New Sudan Women Association Resource Centre and their cooperative shop
    - New Sudan Women’s Federation, NSWF-Yambio
    - Mundri Relief and Development Association

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<sup>1</sup> Circuit 2: Rumbek, Cueibet, Yirol, and part of Equatoria

- Non GMCB funded projects:
  - “Them Ping” (*Let’s try*) women association in Mapourdit 2 (IDPs from Wau area) producing lulu oil and soap making
  - NPA Ox Plow Project at Mabuei
- IDEAS, Rumbek satellite: Kuol Deim, Deputy dean for Distant learning and Peace
- IDEAS, Yambio: Dr. Alfred Lokuji
- Institute for the Promotion of Civil Society, IPCS, Rubeke
- N’Zara Complex, Arthur M. Said (chief engineer)
- in Rumbek: Various traders, the market, Panda Hotel
- in Yambio: Various traders, the market, Chamber of Commerce
- in Mundri: Various traders, the market, Chamber of Commerce
- in Maridi: Various traders, the market, Chamber of Commerce
- in Yei: Various traders, the market, Chamber of Commerce
- Women leaders:
  - Zerfa Josua, women representative in CDC
  - Lucy Hindi, had Civil Administration Training
  - Alice John, had Civil Administration Training
  - Grace Apolo, NSWF
  - Anuarita Mosa, CDC women representative
  - Linda James, Acting Chairlady, Mundri CDC)
  - New Sudan Women Federation and Association, Liliane Menea, Mary Alex Osman

Others:

- Rev. Elijah Magel, ECS Rumbek
- Dr. Yatta, Yambio Hospital
- Dr. Clement Khamis, County Medical Officer for Health Administration
- Dr. Samuel Patti, MRDA doctor in Mundri
- John Anthony Black, Para-legal Human Rights Activist Officer (NSWF)
- Mundri County Agriculture Department
- Maridi Farmers Association
- Yei Health Centre: a Medical Assistant a nurse and a Traditional Birth Attendant
- Dr. Morris Timothy Ama (Malteser) (JS)
- Oliver, “Come together” Youth group
- County Development Committees - CDC: for Rumbek, Yirol, Yambio, Mundri, Maridi and Yei
- Christain Aid Monitoring Officer, Joseph Marrow (Rumbek)



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## ANNEX C

### QUESTIONS TO BE ADDRESSED BY THE EVALUATION TEAM AS CITED IN THE TERMS OF REFERENCE

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The evaluation will examine the following aspects of the STAR program:

#### **1. General**

##### **Achievement.**

Has the STAR program achieved the original STAR strategic objective and intermediate results? Since 1998, conditions have improved in most stable opposition-administered areas where the STAR Program has operated. How much of this improvement is attributable to the STAR program? How much is attributable to better rains, lack of conflict, or other factors external to the STAR program?

##### **Community impact.**

Are the STAR projects suitable to the long-term development of the benefitting communities? Are the projects generating impacts beyond the groups receiving funding? Are communities in the STAR program areas less dependent on relief? Have STAR activities stimulated self-reliance and confidence within communities?

##### **Project beneficiaries.**

Has the STAR program had any impact on gender imbalance in southern Sudan? Should it be more active in addressing gender imbalance? With so many men engaged in or lost to the war, women have in many cases become the sole providers for their families. One of the initial goals of STAR was to empower women and allow them to make financial decisions that would benefit them, their families and ultimately their communities. Evaluators will need to determine if women are benefiting from the program and to what extent women are involved in the projects funded through STAR. Has STAR significantly increased the representation and decision-making power of women within beneficiary civil society groups and civil authorities? What are the programming options for addressing gender more effectively in STAR Phase 2?

##### **Sustainability and capacity building.**

Will the projects initiated under STAR be able to continue operation once the STAR implementing partners cease active involvement in the projects' functioning? Are project members capable of running their projects independently of support from STAR partners? Have the STAR partners sufficiently developed management skills among project leaders?

##### **Conflict prevention.**

Conflict in some areas is addressed directly by STAR. How important was this flexibility in improving the environment for rehabilitation and recovery? How effective were these interventions?

**Project fund outlays and grant-making processes.**

The evaluation will examine all aspects of project budgeting and outlays to determine what percentage of funds goes to the beneficiaries and how much is allocated for overhead and external expenses. Evaluators will also need to determine if there is a way to reduce overhead and management expenses so as to maximize the level that directly goes to beneficiaries. The evaluation will review the projects' cash flow, turn-over rate, expenditure and loan repayments with a view to determining the projects' viability. It is necessary to scrutinize whether the projects are actually making money or whether they are simply circulating sponsors' funds. The evaluation will also examine the appropriateness, efficiency (in terms of timeliness of reviews and approvals/rejections), and effectiveness of STAR component processes for submission and review of sub-grant proposals.

**Linkages and Leveraging.**

Has STAR sufficiently promoted interaction, linkages and active dialogue among civil society groups and between those groups and civil authorities? Has STAR sufficiently promoted interaction, linkages and active dialogue among CDCs and other donors and international NGOs (other than STAR/SOAR partners)? STAR activities do not currently directly benefit SPLM public sector institutions at the "national" level. Should this policy be changed during STAR Phase 2?

**Information system management.**

The evaluation will look at the overall system of types of data collected and look at impact assessment data. The evaluation will examine the project managers' ability to collect data, the quality of data collected and how data is collected. Evaluators should assess each project's accountability. Also, it would be useful to determine what kind of computing or management classes project managers need.

**2. GMCB Component**

**Achievement.**

Has the GMCB component reached its intended beneficiaries and achieved its objectives?

**Economic rehabilitation.**

Is the GMCB approach to economic rehabilitation, which focuses on jump-starting the local economy by providing an inflow of resources (capital, technology, etc), appropriate in the context of predominantly rural southern Sudan? Has the GMCB component successfully addressed sustainability of economic rehabilitation beneficiaries? Has GMCB ensured project groups' ownership of businesses and organizational capacity? Should the STAR program address the "macroeconomic" constraints faced by microenterprises in southern Sudan? Has the GMCB component been cost-effective in its approach to economic rehabilitation? Is the present criteria of supporting groups and not individuals or private businesses the best? Should this be revised to support groups and individual businesses?

**County Development Committees.**

To what extent are CDCs functional and what is their capability in grant-making and managing project reflows? Is the CDC model of establishing local-level civil society-civil authority

partnerships an effective model for promoting governance transition in southern Sudan? Has the GMCB component successfully addressed sustainability of CDCs beyond the end of the current phase of STAR? What steps should be taken in the second phase of STAR to ensure the survival of the CDCs without external assistance?

#### **Expansion and/or consolidation of GMCB.**

GMCB has received criticism that it has expanded out of Western Equatoria and southern Bahr el Ghazal too slowly. Evaluators must address the question of whether the program can be expanded into areas where GMCB is not currently operational including Upper Nile and Eastern Equatoria. Has GMCB implementation been equitably distributed among the stable counties? Have GMCB benefits been equitably distributed within stable counties? Are the governance and economic rehabilitation aspects of GMCB appropriately combined, in terms of amount of funding, pace of implementation, etc, to be relevant in each county?

### **3. Civil Administration Component**

#### **Achievement.**

In general, has the civil administration training contributed to emergence of good governance at the local level (counties and payams)? Have the county authorities become more accountable to their communities as a result of civil administration training? To what extent has the civil administration training contributed to the empowerment of Sudanese communities? To what extent has the civil administration training contributed to the empowerment of Sudanese women?

#### **Capacities and Roles.**

Has the capacity of civil authorities to defend human rights been enhanced? Has the capacity of civil authorities to deliver basic social services improved? Has the role of the military in administration been reduced? Does the military still retain power in administration of stable areas?

#### **Program design.**

Is civil administration training in its present form a sustainable program? Is civil administration training an appropriate strategy for increasing participatory governance in a complex and chronic emergency in opposition-held areas? What strategies should be employed in 2002 and beyond to increase participatory governance?

### **4. SACB Component**

Have the SACB component activities made sufficient progress in their first year of implementation? At the current pace of implementation, are these activities likely to show results within the planned 3-year program span?

### **5. SOAR Component**

Have the SOAR component activities made sufficient progress in their first year of implementation? At the current pace of implementation, are these activities likely to show results within the planned 3-year program span?

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**ANNEX D**  
**DATT'S COMMENTS ON**  
**THE FINAL DRAFT REPORT**

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*Submitted to:*

**U.S. Agency for International Development**

*for*

*Evaluation of the Sudan Transitional Assistance for Rehabilitation (STAR) Program*

**July 31, 2002**

## BACKGROUND

The international community including the UN has provided humanitarian assistance worth over 2.5 billion US dollars, since 1989, to mitigate humanitarian situation resulting from both man-made and natural disasters. This assistance which was mostly emergency in nature, included food and non-food items, delivered by humanitarian agencies most of which operated under the umbrella of the Operation Lifeline Sudan (OLS). The Overall objectives of the assistance was to increase availability of food to affected communities as well as provide production inputs that will enable households regain their productive capacity.

This approach only started to change when USAID noted the difference in need between communities in relatively peaceful communities such as in equatoria compared to Bahr El Ghazal and Upper Nile, in 1994. The recognition of this important difference lead to the conceptualization of the OFDA funded Umbrella grant aimed at enhancing community-based rehabilitation activities. The community initiatives funded under the program included productive activities such as seeds and tools production, bicycle repair services, pig and rabbit raring, sunflower oil production, barter shops, wholesale shops, grain marketing, use of ox-ploughs, rehabilitation of water and health centers.

The results and lessons learned from the Umbrella Grant programs, supported by positive good economic environment resulting from political will and decisions by SPLM Leadership encouraged the US government to consider providing development funding. The good development include:

1. **Establishment of structures of governance**
2. Creation of space for broad-based participation in socio-economic as well as political development
3. Strategic thinking and planning; and
4. Development of a vision and framework for peace and development

The SPLM vision for peace and development in the Sudan includes five key elements and only the last three have some relevance to NGO interventions:

- Developing the civil authorities of the New Sudan
- Empowering the civil society; and
- Developing the economy and provision of services.

Fortunately, the aspiration and most important elements of the SPLM vision for peace and development have been captured in the strategic objectives of the Sudan Transitional Assistance for Rehabilitation (STAR), " to enhance participatory democracy while at the same time reducing heavy reliance on relief".

The original design of the STAR program had three components; Grant making and capacity Building, implemented by CRS, Civil Administrators training, implemented by UNICEF and Leadership training for NDA, which has never been implemented. In the following year, the SOAR and Strategic Analysis and Capacity Building for Agriculture and Natural resources were added. The SOAR comprises of three parts; Capacity building for Education and Health sectors implemented by CRS and IRC, respectively and the Rehabilitation of Legal and Judiciary services. Each of these components had a set of objectives, expected results and timelines for achieving them.

In addition, mechanisms for coordination of STAR program activities with (USAID, implementing agencies, and DATT, and to ensure effective local participation were put in place within the first six month. This stage was followed by a baseline study for the Grant Making and Capacity Building (GMCB) and the rehabilitation of the rule of law component, though done a year apart. At least in the case of the GMCB, the result of this study was used to adjust short and long-term program objectives, indicators and milestones for measuring achievement and impact, in different program areas, (Western equatorial and Bahr el Ghazal).

Based on the above given history of the STAR program, it could be assumed that the evaluation team had a wide source of materials and persons which could have been used evaluate the program in terms of achieving its own goals and impact, from design, through mechanisms, approach, objectives, indicators and expected outputs. These documents include reports of baseline studies, documentation of agreements by partners on mechanisms for coordination, participation and selection criteria for project groups, quarterly reports from the implementing

partners, DATT's annual reports, minutes for coordination meetings where the progress of STAR and individual components and related implementation issues were raised and discussed. In fact such issues included complain from project groups about delays in project approval process, delivery of project materials and procurement problems. Understaffing, absence of project staff from the field especially expatriate drivers were also raised in relation to costs and its impact on program quality.

### COMMENTS AND VIEWS

DATT will start by quoting a section from the report which outlines the purpose of the STAR program evaluation "To measure the impact of the STAR on communities located in stable opposition- administered areas, assess sustainability of program in the economy, identify key issues and problems and propose options for the design of the second phase of STAR".

#### General observations

##### Positive

1. The Team has met with a good number of stakeholders, plus had discussions with many key people in USAID, implementing agency, SPLM, civil authorities and communities.
2. Very important observations and issues have been raised in relation to design, mechanisms, capacities and impact, which will form the basis for improvement.
3. The Team organized meetings with key stakeholders to discuss major findings to get a feed back.

##### Negative

1. The time allocated for fieldwork in S. Sudan (16 days plus travel) was too short, especially when most of the team members are new to the local context.
2. The Team's lack of experience in the situation and context of South Sudan has been a handicap, well reflected in some recommendations made in relation to trade opportunities and potentials.
3. The report failed to separate the influence of previous and other humanitarian interventions from impact of the STAR on the economy and communities in general
4. There has been no reference to baseline study, minutes, reports
5. The report paints the picture of south Sudan as grim and presents the SPLM authority as irresponsible or unconcerned about the needs of the people it administers. Subsequently, it failed to point out important contribution made by the SPLM Leadership in creating conducive atmosphere and space for participation of civil population to participate in socio-economic and political decisions---- and of course creating and access to East Africa and the rest of the world by ridding government of Sudan forces from the border town of Yei.
6. The report is donor driven and as a result avoided to present the impact of USAID decisions or bureaucracy on program impact.
7. It is more descriptive than analytical and failed to measure impact despite the availability of data and information; and
8. factors that have affected the achievement of the STAR program should have been presented after impact. The way it has been presented compromises facts and seems to direct attention to why or why not, rather than how much impact?

## **Specific**

**Section III. A (page 6 )** Should have been presented after impact of the STAR program on communities or local institutions so as not to influence readers views about program impact.

Second, abundant rainfall, relative peace, accessibility and presence of SPLM structures of governance were the four key reasons for selecting Western Equatoria and Lakes regions as the geographical areas for the STAR program implementation. There is therefore no reason to mention it unless if done in relation to success of agriculture programs in the different agro-ecological zones.

Third, the contribution of the SPLM to the success of the STAR goes beyond the creation of the DATT. The creation of DATT actually represents a phase in the political development of the SPLM, which is characterized by strategic thinking and planning, creation of space and commitment to broad-based participation in socio-economic and political decisions. The commitment of SPLM leadership is reflected in the several other technical bodies created or formed around the same time as DATT. Natural Resource Management and Utilization Committee, Public Service Committee, Taxation, Banking and Currency are a few examples of these committees. Important to note is that all these decisions were made soon after the Economic Governance Conference held in Yambio in October 1999, partially funded by the STAR funds. This conference, which was attended by a cross section of civil society and senior members of the SPLM leadership including the SPLM Chairman, is a testimony to the commitment of the SPLM to change.

## **B (pages 7-8)**

DATT would have had no problem with this section, if this were a trip report rather than an evaluation. If the team wants to evaluate the performance of civil authority, first it has to establish a baseline for its capacity----what was it like at the beginning of the implementation of the STAR, and whether there has been any improvement. Then the team could assess how much of the improvement has been due to the impact of the STAR. Given the design of the civil administrators component of the STAR program, this question may even be irrelevant, as training only benefited 150-260 payam administrators, while there was no direct support to SPLM institutions.

It is true that the SPLM tax systems need a lot of work but it is also important to acknowledge improvements and challenges these institutions face.

It is also true that the on going war has made socio-economic development difficult. However, this statement can not be made without reference to the political history of the Sudan. There wasn't really much in terms infrastructure and soico-economic development in the south before the civil war. The focus of the policy of the Khartoum Government was mechanized irrigated agriculture schemes, most of which where located in the north, and this where most physical, financial and technical infrastructure were directed. To the extent that rain fed subsistence farming in the south and other marginalized areas was contributing almost zero to GDP.

In addition, with the war markets, marketing routes, commodities and players changed. The custom records in Yei/Kaya have indicated steady increase in the volume of trade with Uganda since 1997 (Customs report Yei). In the year 2001 alone over 3000 herds of cattle, 200 Mt of coffee, over 200 Mt of sesame, 200 Mt of Cassava flour, and groundnuts, 20 Mt of honey etc were exported to Uganda. Furthermore, there are enormous trade opportunities for South (timber, honey, sesame, palm oil etc) through the East African Community, COMESA and AGOA which Kenyans and Uganda producers have not been able to satisfy. Rather than being pessimistic and proposing trade with an enemy, DATT expected the team to recommend market oriented crop production, processing and value adding to increase access to domestic and export markets.

## **B.4 Enabling environment**

Correctly identifies problems and challenges but does not relate it to how much of it has been due to the failure or success of the STAR program. It would also be helpful if the report gave figures for the total amount of revenue collected and compared this to the estimated cost for running these institutions. It could also have compared the performance of the SPLM with other counties who have to deal with a war situation and do not have access to international financial institutions and services.

### **C. 1-4 (page 9) Structural constraints**

It is true that the roads in Southern Sudan are bad, and USAID may have spent 2.5 million dollars for maintenance, but is the team aware that only a quarter of this money goes into actual road repair work—the rest go for overheads which is often spent outside south Sudan?

Furthermore, even peaceful countries, which do not have a liberation war to finance, borrow money from international financial institutions to cover the cost for infrastructure and social development which out of the question for SPLM authority at least for now. The evaluation report need to demonstrate that county authorities have the finances to make roads and are deliberately refusing or are unwilling to undertake the responsibility. Otherwise the statement in section C.2 (page 9) carries no value.

The report does not acknowledge the huge improvement in the past four years in infrastructure development, nor does it say anything about the type of commercial institution and services that existed in the south before the civil war. The truth is apart from the Unity bank with branches in Juba, Yambio and Yei, used by northern traders to channel back all the back from the south to North, much of the south did not see or had the luxury of using a bank or financial services. Most people including those living in the urban areas keep their money in their houses or borrow money from friends, relatives or Northern traders.

However points about the need to invest in public works and access to markets and market information in sections C 3 and 4) are very important.

### **IV. To what extent has the GM/CB component of the STAR achieved its objectives**

#### **A. What are the objectives, indicators and expected results of the GM/CB component of the STAR program?**

This is where to start, however poorly selected these parameters might be.

It is important to note that CRS did not establish CDCs. CRS's role was to build their capacities with the aim of increasing the participation of local communities in the allocation of resources as well setting county development agenda. What the report should have done was to determine to what extent CRS managed to build the capacity of the CDC's? Why or why not?

#### **What contribution has CRS field and Nairobi staff made to success or failures of the STAR?**

An important concern to express here are:

First of all, CRS's insistence to employ expatriate drivers has been taken lightly but has had serious consequences on program quality. For example an estimated cost, based on the number of expatriate drivers (7) in Western equatoria and Lakes) and each taking 7 R&R in a year is approximately 60,000 United States dollars excluding salaries and other employment benefits. Furthermore, each driver spends a total of 70 days from the project site, excluding official leave days, This is over two months absence from the project site per driver. This, in the case of Yei where CRS has failed to employ a project manager has had a serious effect on the quality of the program and has infuriated the authorities as well as community.

#### **Has the donor bureaucracy in Nairobi and Washington had any effect on the STAR?**

Again, DATT has a list of implementation problems resulting from poor communication of decisions by USAID staff in the Nairobi Mission to the SPLM, regarding their policies, and most communication is verbal. Such decisions include geographical and programmatic expansion, extension of project period, deadlines etc. Some of these decisions have created conflict as a result of the STAR being seed favoring only one section of the Southern Sudanese community. Some of these issues have been addressed but this does not mean that they should not be raised and documented.



### **Impact on private sector**

There are a couple of things that need to be considered seriously in this section. For example, what exactly did jump-starting the local economy mean (is it confidence building, training, experiences in establishing and managing enterprises or increased incomes or what)? Other questions that need to be asked include; what was the business environment like? What options were available?

### **Otherwise, other criticisms of the program are in place and need to be pursued.**

CRS office in Nairobi made serious blunders during the procurement of 10 grinding mills for western Equatoria and Bahr el Ghazal in 2000, and there has been serious problems related to maintenance and supply of spare parts of these mills. This however does not reduce the importance of providing grinding mill services in both urban and rural South Sudan. What must be understood is that there were very few mechanics and technicians in these areas before the war, and the civil war caused the problem to become even more serious.

Because grinding mill businesses and transport businesses operate in the same business environment, there are some problems common to both. For example, most business trucks in the south before the war were owned and operated by Northern Sudanese businessmen. This implies that many transport businesses funded by the STAR program are managed by new and inexperienced persons. No doubt this might have contributed to poor selection of trucks, serious mechanical problems and poor management of the business. Otherwise the need for transportation services cannot be over emphasized and the few transport businesses financed by STAR funds is like a drop in the ocean and many more will be needed to get commodities to markets.

In addition, transport business in South Sudan is potentially profitable. This has been demonstrated by the fact that at least 5 trucks with capacities ranging from 2-10 tons have been purchased and are operated by traders in Yambio and Maridi. Furthermore, one of the transport groups (in Yei) funded under the STAR, have purchased two more trucks, although they have not paid back their loan to the CDCs. This does not exactly translate into failure of the transport business but rather GM/CB as a micro-finance institution.

A transport business from Rumbek suffered a serious financial set-back due to the business environment in south Sudan, which must be appreciated. On the maiden trip to Rumbek, the group truck was transporting goods (sugar, salt, soap etc) for a prominent Rumbek trader, worth several million Uganda shillings. Unfortunately, this truck overturned on the way to Rumbek, just before Momvolo, and all the salt, sugar and soap were damaged by rain and water. There is no insurance offered to any businesses in south Sudan and this transport business was no exception. When the transport group met with this accident they had no choice but to repay the trader for all the goods damaged. This of course killed the group business spirit as well as the business itself. Trucking business has high potential as well as it is a high-risk business. Is it important? Yes. Who should do it? How could the risk be reduced? Are questions we need to ask and answer before Phase II of STAR.

On the other hand, sections 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 are well done and deserve serious discussions with USAID, SPLM/DATT and CRS before the phase two of the STAR could proceed. I would however, like to draw attention to the last paragraph in section eight, which is not true. First, if the Team cared to look at the SPLM Peace Through Development document, they would have found reference to DATT, CDC and IDEAS and their respective roles in development in the New Sudan. If any one in the SPLM Leadership said any thing to contradict this, then it will be an individual's opinion. Furthermore, this misconception should have raised this with DATT during the briefing at the end of the field trip to south Sudan.

Regardless of what CDC's are perceived, DATT would like to register its disappointment in CRS's failure to enhance the capacities of CDCs as a development agent (providing it with skills for community needs assessments, prioritization, project planning, resource mobilization and project implementation).

### **Section C 1-4 women's Participation in GB/CB**

I would like to quote the SPLM guiding principles for the liberation struggle "To liberate all Sudanese society and individuals from all social, economic and political constraints to prosperity, pursuit of self fulfillment, justice, peace, equality, prosperity -----irrespective of religion, ethnicity and gender". It is therefore important that the impact

of programs or projects on communities be based how it impacts the different sections of the community; women, youth, internally displaced, and other disadvantaged groups. More than just equity, women invest most of their incomes on the household; food, soap, salt, health, clothing and education which is very critical to the development of the human capital.

It is interesting that the team was able to categorize GM/CB funded projects into sustainable, potentially viable and potentially viable as a grant.

What make a set of businesses viable and not another is not clear?

Where are your data to justify these statement?

What are the indicators?

How much was the original loan and how much was repaid?

Furthermore, what is the credit worthiness of clients?

The report also has a long list of how grinding mill service is supposed to have benefited women. However, the report does not say how much workload has been reduced? and what proportion of women within the community are accessing or able to pay for grinding mill services?

In April of 2002, Cesar Guvule visited three of the grinding mills in Yei county and assessed that it takes a woman 380 minutes (6.3 hr.) to hand-grind 22 kilograms of grain for family use. On the other hand, it takes only 7 minutes (0.1 hr.) to grind the same amount of grain using a grinding mill. This frees women from a 6-hour labor, which could be used for other things including leisure as well as attending to issues of community and national concerns.

#### **V. Other components of the STAR**

##### **A. Civil Administration**

**"To build the capacity of civil administrators in the areas of Public Administration and Finance, Good Governance, accountability and human rights".**

The question is; how many of the administrators needed training? Which level of administration (County, Payam and Boma) would result in the greatest impact? How many have been trained? How many were women?

Of the 150-260 administrators trained, what percentage understand and applied the principles of accountability, transparency and democracy in their work?

On the other hand, the impact of the civil administrators training on women is pretty much exaggerated. First, only 12 out of 150-260 (4-8%) of the administrators who received training from UNICEF were women. Secondly, report on earlier training indicated that most of the women who attended the course were experiencing serious difficulties due to language problem. Finally, not only few payam administrators received training but tax collection and road repair are planned by the county authorities. In addition, looting and inter-tribal segregation will be beyond payam administrators as this requires collective efforts from the chiefs, boma administrators and the county authorities).

Further more, counties which have not been able to send women to the UNICEF training have well organized, suggesting that the training did not really contribute much to the capacities of women associations.. In Yambio for example WV, CRS, Churches and UNICEF have supported women activities since 1992. This has a tremendous effect on the capacities of women organizations. Today, the New Sudan Women Federation and Task Force on the Education of Girl Child have made tremendous contribution to adult education and girl child enrolment.

It could therefore be concluded that the impact made by the UNICEF component of the STAR program has had negligible. Moreover, building the capacity of civil institutions was not one of its objectives, if implied it was never carried out.

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## **B. The Strategic Analysis and Capacity Building (SACB) component**

All six working groups (Agriculture, Forestry, Wildlife and Livestock, Geology and minerals, women and natural Resources, Legal and Institutional Framework and markets) have done some work although the level of accomplishment differed greatly.

First, important correction; there is no Commission for women and Natural Resources, rather, "Women and Natural Resource Working Group"

Second, there is a serious gap of information in the report regarding the accomplished work of some of the working groups;

### **1. Agriculture:**

Survey on institutional capacity and human resource needs for the Secretariat for Agriculture and Animal Production,  
Post harvest Loss Assessment in Yambio and Maridi,  
Survey on local tool production and supply sources.

### **2. Forestry**

Training on forest assessment planning and map making  
Assessment of Kagelu teak Forests

### **3. Wild life and Livestock**

Wildlife, livestock and food security survey in Nimule and Boma national Parks

### **4. Legal and Institutional Framework**

Survey on property rights under statutory and customary law in the old and the new Sudan

### **5. Markets and farm-level data**

Establishing computerized data systems at the Yei customs department  
Setting up information and data collection systems for farmers and through their associations

## **a. Social Organization and Administrative Rehabilitation (SOAR) component**

### **1. Education and Health**

The section of the report covering, (i) Support to the County Health Department; and (ii) Education with emphasis on girl child is too general. It is not enough to make such statement as "successful" when DATT's assessment of the education program has been less than favorable, while cost sharing in Maridi and Mudri country has caused real concerns.

Early this year, IRC proposed a socio-economic study in Mundri to determine appropriateness and impact of cost sharing on access and use of health services. Apparently there is even no mention of this study in this report, which makes me wonder whether the Team has spent enough time with IRC and CRS and whether in fact the Team is clear about the objectives, expected results and indicators?

On the other hand I appreciate the report being very clear about women's health needs and how it might be jeopardized by the introduction of cost sharing. In Sudan women's health problem should be every ones concern as they are the major producers and caretakers, who need to be strong and healthy.

### **2. The rule of law**

The report handled the section on the rule of law fairly well, and managed to raise very important issues, such as training for judges and paralegals, the Law Review workshop where 23 acts were discussed as well as gender issues. Most of the issues require further discussions with the USAID, implementing agency, and the Commission for legal and institutional development of the SPLM.

## VI. Impact and sustainability of project activities

### A. Impact on women

As women constitute 65% of the population and are the main producers, any program directed towards good governance and participatory democracy must obligatorily address the issue of women's status and ability to participate. It is true that STAR co-funded a group of women enabling them to participate in the law Review workshop organized by Law Review Committee. Without the effort and pressure from women themselves it would have never happened, although Christian AID agreed to continue to support women in their effort to build a strong coalition and address some common concerns.

### B. Impact on Agriculture and food security

It is true that the STAR program has had some positive impact on food security. However, projects relating to production, markets and processing were not strategically planned and often not designed to have synergistic effect. As a result, it is very hard to understand how the Team has arrived to this conclusion without defining food security and analyzing the effects or impact of each of the projects to food security.

### C. Community Impact

After almost two decades of war and over 15 years of humanitarian assistance it will not be surprising to find a community suffering from a certain degree of dependency syndrome. However, to state that the community in the STAR program area as "obviously dependent on relief" is stretching the meaning of the word too far.

### D. Impact on the private sector

The areas identified by the team below, are key to improving business environment in south Sudan. This section therefore deserves serious discussions with micro-finance experts, SPLM, USAID and CRS before the phase II of the GM/CB commences.

- Development of business support services
- Livestock trade
- Financial services
- Transport infrastructure

## VII. Summary of Findings and conclusion

### Sections 1-14

Areas of concern as listed below, have are important and need to be taken seriously, although it is mostly descriptive rather than analytical.

CRS conducted a baseline study in April-May 1999 in geographical area where STAR is being implemented. I am disappointed that the team had not referred to this document. The result of the baseline study was used to identify indicators, develop timelines and expected results. Similarly, Christian AID conducted a baseline survey in February to May 2000 and has collected volume of data and information on legal and Judiciary systems including law enforcement agent. Where is this information? The CRS implemented Education and IRC's Health components have remained for most parts below expectations. How could the new health and education programs avoid the same mistakes?

- Impact on communities
- Sustainability
- Long distance management
- Gender issues
- Investment
- Sustainability of CDC
- Community based organization
- Expansion and consolidation of GB/CM
- Effectiveness of civil administrators training
- Importance of research and analysis

**VIII. Options to be considered for the Design of the Phase II of STAR in order of ascending priority;**

- Addressing gender issues more effectively
- Capacity building
- Expansion of agriculture services
- Increase to business financing
- Quick high impact finance programs
- Support to SPLM public Sector
- Conditionality of development assistance
- Linking to other USAID funded programs

**IX Recommendations**

1. Discrete project components to be incorporated into the STAR.
  - Strategic analysis and development programs coordination activity
  - Economic rehabilitation and enterprise development program
  - Local government strengthening
  - A cultural awareness and community development program
2. Monitoring support linkages between its development assistance strategy
  - Develop of the SPLM's newly-established Strategic Planning Agency for Sudan Transition (SPAST)
3. Build the gender capacity of USAID program
4. Increase the presence of local expertise and management
5. savings services offered by local micro-finance Institutions
6. Introduction of Business Development Services
7. Development of adequate management Information Systems
8. Institutional building of Chambers of Commerce
9. Introduction of private sector development training modules
10. Development of vocational training programs
11. Revision of the economic rehabilitation Program scope of work.

Sections VIII and IX of the report are extremely important as it has been able to convert some of the issues raised earlier into proposals and recommendations. What is required is a series of meetings of different stakeholders in the presence of expertise. It is hoped that through dialogue new priorities and realistic objectives could be set for a comprehensive development program in south Sudan.

This also means that, as proposed earlier by DATT, the implementation of the CRS component of the Phase II of the STAR program should not proceed before the proposed stakeholders' meeting to ensure that all improvements are incorporated.

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## ANNEX E

### COPIES OF FIELD REPORTS PREPARED IN DRAFT BY TEAM MEMBERS

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STAR's Impact on Agriculture and Food Security.....	E-2
Private Sector Development .....	E-19
Institutional Development and Capacity Building.....	E-33
Detailed Methodology for Evaluating STAR's Impact on Women.....	E-47

**Note:** The Field Reports were submitted in draft and were used as draft material to be drawn on in preparing the evaluation report. Any substantive discrepancies between the Field Report and the Final Report submitted to USAID upon completion of the evaluation should be viewed accordingly.

## **STAR'S IMPACT ON AGRICULTURE AND FOOD SECURITY**

**Evaluation Mission**  
June – July, 2002

**Development Associates, Inc.**

***Prepared By:***  
H. Schar  
Agricultural Economist

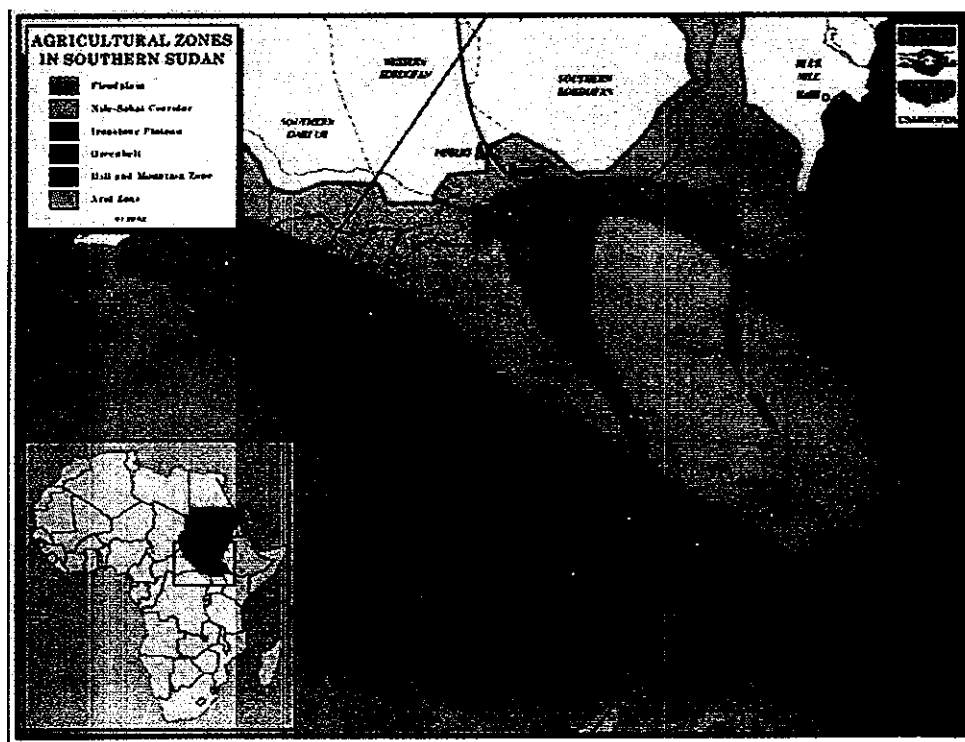
## STAR Impact on Agriculture and Food Security

### Background.

Southern Sudan is endowed with a formidable natural resource base. The area designated as "New Sudan" covers 650,000 Km<sup>2</sup> (the size of Kenya and Uganda combined) with a population of a little over 5 million. The climate varies from humid tropical forest in the southwest to sub-humid, wooded and open savannah in the north and east. A population density of 8 persons per Km<sup>2</sup> means that there should be plenty of land for both cultivation and the traditional extensive livestock raising. Rainfall, while seasonal, is also generally abundant (see Attachment 1.). The Equatoria Region receives from 1500 – 1800 mm per year, on average.

Production of a wide variety of crops is possible. In the north sorghum, sesame and groundnuts are the main crops. Cassava and sweet potato have recently been introduced and shea nuts are gathered and used by nearly every family. In the south and west maize is the principal cereal crop. Other tropical field crops such as cassava, sweet potato and rice are also widely cultivated. Throughout much of this area two crops per year are possible. Fruit is plentiful.

Some parts of southwest Sudan have been under the control of the SPLM for over ten years. Those areas more recently "liberated" have begun to produce surpluses since the SPLM decided in 1997 to return the secure zones to civilian administration. Even in the Rumbek region, which receives from 800 – 1000 mm of rainfall per year, surpluses can be produced most years.





### **Constraints to Achievements of Program Objectives.**

The STAR Program, which began in 1998, has as its principal objective to increase participatory democracy and good governance in opposition held areas of Sudan while reducing heavy reliance on relief. The Grant Making and Capacity Building (GM/CB) component of STAR has funded a number of projects, most of which involve agriculture in one way or another. The STAR program was seen as a beginning for a transition from relief aid to development assistance in southern Sudan. In reality multiple transitions are underway:

- Transition from military to civilian rule
- Transition from security to law and order, and
- Transition from relief to development

This combination of events has made for a situation in which a number of serious constraints need to be addressed in order to consolidate and accelerate the development process.

### **Macroeconomic Constraints.**

Fiscal Policy. With the creation of a civil administration, the SPLM has begun to collect taxes in the liberated zones of Southern Sudan. Taxes are a normal form of cost recovery for government. However, taxpayers expect an improvement in the availability of public services for any increase in rates. At present, the new civil administration seems to view the private sector solely as a source of revenues, and does little, if anything, to exercise its facilitation role. Businesses and associations in all of the areas the evaluation team visited complained of a lack of transparency in the application of SPLM fiscal measures. This obviously interferes with peoples' ability to manage their own businesses.

At the central administrative level, the main source of revenues is customs duties on goods entering Sudan from Uganda. A payroll tax is also collected, but this affects only employees of international NGOs operating in Southern Sudan. The main fiscal resource for local government is a poll tax which is divided into two parts, a Social Services Tax and a Liberation Tax. In principle, these two taxes amount to around \$4 apiece per household. They are collected at the Boma (village) level, usually using traditional chiefs as rate collectors. A portion of what is collected (65-70% of the social services tax) is retained at this level to pay for local services. The rest is passed up to the next level (the Payam) where the same proportion is retained and the rest is passed to the county. The same procedure is repeated for the region and central levels. Except for a small proportion, which is kept by local chiefs to compensate them for their tax collection services, all of the Liberation tax is destined for the SPLA.

Exceptional taxes, such as the bulls tax and the grain tax, are authorized to defray the costs of supplying SPLA fighters. It is nevertheless clear from interviews with farmers and businessmen that a plethora of other "informal" taxes are collected by various authorities. Indeed, the police are specifically mandated to defray their costs through the collection of fees and fines. In practice, this means that transporters and traders pay small amounts at every police roadblock to "clear" their merchandise.

It is clear from even a rudimentary analysis of official tax policy that at least 65% of all fiscal receipts are destined for the support of the SPLA! What is left barely covers the overhead of local administration. Local civil servants who do not work for an office that is subsidized by an NGO work as "volunteers". ~~The continuing lack of transparency in the collection process,~~ combined with the lack of palpable services in return for contributions, represent significant constraints to expansion of marketing and agribusiness activities.

Monetary Policy. Due to the state of civil unrest in Southern Sudan, there is no common currency in circulation. While the Uganda shilling is the most commonly accepted currency, dollars, Kenya shillings, Sudanese dinars and even the defunct Sudanese pound are all accepted in trade in various locations.

More than the lack of a single currency, a lack of liquidity in the economy as a whole hinders economic relations. Most currency in circulation comes from NGO activities or as the result of trade in agricultural products and livestock with Uganda. The evaluation team noted several instances where people were ready to avail themselves of a service (ie. a cereals mill) but could not raise the cash to pay for it *even though they had surplus household production* because they were unable to sell the latter for cash.

The SPLM central authority has plans to introduce a "new Sudanese pound" and even to create a central bank and a commercial bank. These plans do not seem to be particularly coherent, at present. Indeed, it is arguable that the introduction of a new currency that would likely have little, if any, convertability or be backed by any kind of reserves would exacerbate rather than resolve the problem.

Enabling environment. As inferred above, the existence of a state of war between the SPLM and the GoS is the overriding fact which conditions all development prospects in southern Sudan. Large areas have been abandoned as people and livestock have moved to secure areas to avoid the fighting. This places heightened pressure on the resources in those areas receiving displaced persons and animals.

Indeed, given the evident agricultural base for the economy of south Sudan, the prospects for rapid expansion of trade with neighbors like Uganda and Kenya are marginal at best. These countries' economies also rely on development of their respective agriculture sectors, so they are not likely to want to cede markets for agricultural products to south Sudan. South Sudan's best customer in the long term is its current enemy, northern Sudan.

The fact that the civil war receives the lion's share of fiscal receipts is compounded by other institutional shortcomings:

- Lack of budgeting or fiscal management capacity at all levels, right up to the Central authority;
- Local (County) unpaid civil service;
- Inadequate institutional support for agriculture and agribusiness and;
- Interference from civil authorities.

Yet another important element in the transition from dependency to development is how to phase-out the NGO role in the economy. At present, local civil authority does not have access to comparable resources. As already noted, something like 75 % of *all* tax receipts go directly to the war effort.

### **Infrastructures.**

Transport. Roads in Southern Sudan are in a deplorable state of disrepair. For agricultural producers the one thing that most inhibits access to markets is high transport costs. The principal element in transport cost is the availability of practicable, well-maintained roads. USAID is well aware of this. Between 1993 and 1998 it put \$2.5 million into repairs of the trunk road from the Uganda border to Bahr-el-Ghazal. Transport of relief supplies and food by road became possible at that time. Unfortunately, this road is again in as bad condition as ever. This is primarily because the oversize, all-wheel drive trucks employed by WFP and the four main private transporters on this route tear it up badly during the rainy season.

This situation might have been avoided had a permanent program that would have included measures for raising the necessary fiscal resources for maintenance of the road been put in place. In fact the single most important maintenance structure for roads in Africa – rain barriers – was evidently not even included in the activity! It is also important to note that the responsibility for repair and maintenance of trunk roads normally rests with the central civil authorities. Up until now, the SPLM has demonstrated neither the will nor the management capacity to effect this important public service.

Economic infrastructure. Farmers and traders in South Sudan are at a distinct disadvantage when it comes to finding markets for their products. Despite the existence of various social service structures at the village level, village health centers, cereals mills, grain storage, even the simplest forms of economic infrastructures are absent. Even in the larger towns, there is no access to telecommunications, radio market reports, or even newspapers and commercial periodicals. This makes for a sense of isolation and dependence on local markets. Farmers and traders face a lack of linkages to wider markets for both inputs and their products, including:

- Limited storage capacity,
- Lack of inputs,
- No access to financial services.

Public works. The importance of the construction and construction materials sector to economic growth and development is well known. In a real sense, the liberated areas of Southern Sudan are in a reconstruction phase. The comments made above with respect to road repair and maintenance apply equally to the repair and maintenance of public buildings and infrastructures. The lack of investment in this sphere by either public authorities or the international NGOs has meant that significant opportunities for economic development have been missed. Money spent on rebuilding public infrastructures has an immediate incentive effect on small business creation. There are a number of Sudanese who would be able to manufacture locally bricks, roofing tiles and door and window frames if they could have a reasonable expectation of selling them to enterprises with contracts for rehabilitating public buildings.

## Markets.

Market conditions in southern Sudan are very difficult. The economy in general is plagued with a lack of absorptive capacity. This is reflected in the market by a shallow demand structure. Because of the productivity of the natural resource base, subsistence is rarely a problem for people living in secure areas. However, access to consumer goods and even some necessities such as medicines is severely constrained by the distances that one must cross to find them, the time it takes to navigate the terrible roads and the price of the final product. In an economy characterized by a lack of liquidity, the prices of goods and services are more often expressed in equivalents of grain, goats or cattle than in monetary terms.

Even so, prices and other market information are difficult to access. Nearly all consumer goods are bought in Uganda and laboriously transported to final destinations by road. This probably means that most items are nearly double the original purchase price once they reach the local market. International NGOs have helped with the provision of medicines and famine relief, but increasingly, it is local Sudanese traders who provide the basic goods and services to ordinary citizens. This transition, too, has led to distortions. Grain brought in for humanitarian relief in one area prejudices production and marketing possibilities for the private sector in other, more secure areas.

Markets in southern Sudan are thus characterized by localized demand structure. They are distant from sources of supply and isolated from wider markets. Nevertheless, one finds that even in these highly constrained conditions a highly motivated and entrepreneurial trading culture has developed once people can be sure that some kind of basic security can be assumed.

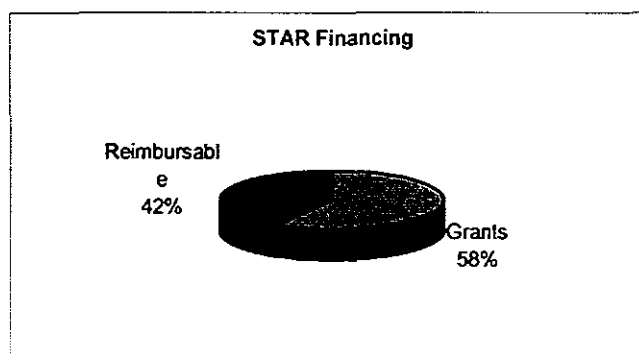
## Performance of the STAR Program.

Local officials claim that for every STAR-funded project, about 20 other enterprises are created or rehabilitated spontaneously, using their own funds or other sources of financing. Most informants also agreed that STAR had had a positive effect on the performance of the administration. On the other hand, many of the projects funded through a loan mechanism turned over too slowly to generate the projected income for CDCs to sustain the service. Larger loans for trucks and other heavy equipment had to have a term spread over at least three years. Smaller loans, such as those for cereals mills, and those which targeted a local market tended to perform better.

## Agricultural Production.

Agriculture has been a mainstay of STAR investments, but because of poor transport and market infrastructures, its impact has been limited. In fact, agricultural surpluses produced in Western Equatoria have generally not been transferred to deficit areas in other parts of S. Sudan.

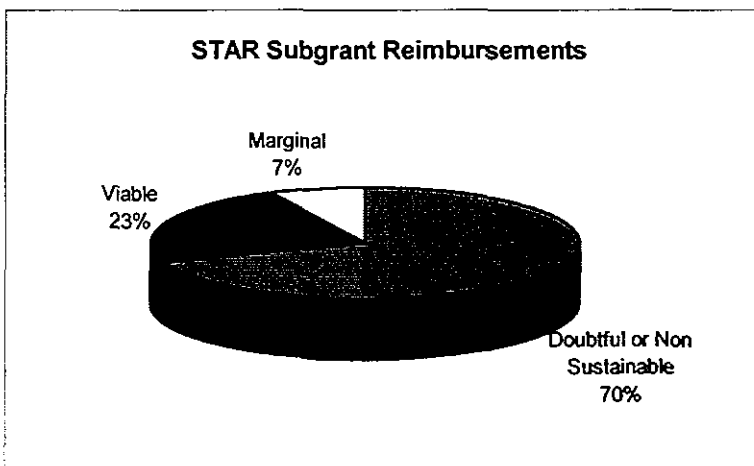
Since the market remains local, investments which target local needs succeed best.



The STAR evaluation team visited 6 counties and looked at 31 projects financed under the GM/CB component's sub-grant program. The total amount allocated to these projects was just under \$1 million. Of the projects supported, 21 received financing which was partially reimbursable. Just over 40% of the financing disbursed on these 31 projects was to be reimbursed to CRS and the CDCs. The table on the next page summarizes the performance of these projects to date.

This table confirms that scale was a key element in success of GM/CB projects -- smaller projects generally performed better. However, because most of the larger loans ran into trouble, the overall financial performance of the loan component was poor, as is shown in the accompanying graphic. This was in part due to the financing strategy adopted under STAR -- beneficiaries were targeted according to social

criteria; a group orientation and equity considerations were given relatively more importance than the financial viability of the project.



It is interesting to note that two of the most successful projects financed by CRS were women's groups which received relatively small grants. The BYDA Project, funded under GM/CB in Rumbek and the Women's Federation Sanduk project in Yambio (funded under the previous CRS umbrella grant) both used these grants to launch successful micro-finance projects of their own. These groups used their financing to loan small sums to individual members for revenue-generating activities. The reimbursement rate of these micro-loans has been almost perfect.

Whereas the GM/CB component of the STAR Program targeted agribusiness promotion (downstream/marketing activities), support for other agricultural services such as extension and land use planning was taken on by other NGOs (NPA, AAH, Oxfam). While these projects enjoyed a measure of success as long as the donor continued subsidizing administrative costs, they were also severely limited by the constraints outlined in the previous section. Any future agricultural development strategy will have to incorporate elements of both agribusiness support and direct investment in production technology and adaptive research as well as addressing the external constraints posed by the macroeconomic and political situation.

STAR Program Projects Financial Performance

Code	Project Name	Location	Total Financing \$US	Loan Portion	Loan Status	Comments
P0002	Yei Rural Grinding Mill Association	Yei	39771	13500	Viable	Liquidity problems
P0003	Akuon Buoy Cooperative Traders Shop	Rumbek	39232	13560	Partial repayment	Cash-flow problems
P0004	Ogooyocayi Express Transporters	Maridi	38817	35075	Non performing	Breakdowns/parts/roads
P0005	Maridi Catholic Women Action Grinding Mill	Maridi	17170	4500	Repaying	
P0006	Otogo Ombasi Transport Association	Yei	38817	33350	Doubtful	Breakdowns/parts/roads
P0007	Yei Commercial Transport Agency	Yei	38817	33350	Doubtful	Breakdowns/parts/roads
P0008	New Sudan Honey Producers Association	Maridi	38472	14688	Viable	Needs market assistance
P0012	Zindo Vocational Training Center	Yambio	27501	15000	Doubtful	Not a commercial enterprise
P0013	New Moon Wholesale Association	Yambio	39811	29160	Non Performing	Transport costs
P0014	Kpinga Grinding Mill	Yambio	17660	7450	Repaying	
P0015	Rumbek Grain Storage and Marketing	Rumbek	38896	16800	Repaying	
P0018	Maridi Farmers' Association - Phase 2	Maridi	72442	62030	Non Performing	60 T grain in storage
P0019	Yei Vegetable Production	Yei	5517	2416	Restructuring	
P0021	Rumbek Womens' Grinding Mill	Rumbek	14856	5296	Partial repayment	Awaiting parts/repairs
P0023	Mapourdit Rural Womens' Grinding Mill	Yirol	14830	5296	Viable	Awaiting parts/repairs
P0037	ECS Mothers' Union Lulu Processing	Rumbek	21139	9422	Non performing	Excess capacity
P0062	Yambio Farmers' Association	Yambio	74160	39250	Non performing	250 T grain in storage
P0059	Lakes Transport Project	Rumbek	35567	25200	Non performing	Truck broken down/roads
P0069	Angutua Sawmill Association	Maridi	24838	15750	Marginal	Spare parts
P0066	Mundri Womens' Grinding Mills	Mundri	34562	13800	Potentially viable	Under construction
P0070	Timbrio Brick and Tile Project	Yambio	25068	11295	Viable	

697943

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Non-reimbursable Sub-Grants

Code	Project Name	Location	Total Grant	Comment
P0020	Institute for Promotion of Civil Society	Yei	39763	Continue support
P0025	Rumbek CDC	Rumbek	15290	Restructure
P0030	BYDA Women Enterprise Development	Rumbek	37544	Operating as MFI
P0041	Maridi CDC	Maridi	22511	Restructure
P0045	IDEAS	Yambio	46350	Continue support
P0051	Yambio CDC	Yambio	20787	Restructure
P0052	Yei CDC	Yei	23780	Restructure
P0053	Mundri CDC	Mundri	23021	Restructure
P0058	Rumbek Bookshop	Rumbek	39750	Inventory problems
P0075	Yambio Chamber of Commerce	Yambio	4960	Continue support
	Total		273756	

## **Marketing.**

Nearly all of the projects contacted during the field evaluation stated that marketing was a principal problem. The shallow demand, high transport costs and lack of multipliers in the Sudanese economy make it extremely difficult to dispose of surplus production. The most successful projects were those that targeted a local, not regional market. The Rumbek grain traders association purchases grain in nearby Payams, transports it to intermediate storage facilities and then to its Rumbek outlet as the market evolves. In this way, this enterprise avoids costs such as depreciation of large stocks and high transport costs. Cereals grinding mills, too, appeal to a local market. Although they also have had problems getting spare parts, these projects fared far better in paying back loans than larger ones. However, the lack of liquidity in the local economy occasionally hit even cereals mills projects, as in the case of the rural mill near Yei which was operating at a slower than expected rate because its clients simply could not always muster even the small sums of cash necessary to pay for the milling service.

The CRS financing strategy was designed to build the capacity of the CDCs. Loan repayments were to be recycled through the CDCs, which would charge a service fee (interest) to cover costs. Given the reimbursement rates described above, this no longer seems a viable strategy. Grants generally worked well, but many of the loans (especially those for items such as trucks: +/- \$40,000 per project) were too large to be serviced by returns from the market. Unlike grants, loans are time-consuming to manage. The emphasis placed upon this financial strategy by CRS field personnel also created unrealistic expectations. The poor servicing record could easily lead to bad habits which could be damaging to future micro-finance schemes unless the non-performing loans are restructured into a more flexible product.

## **Food security.**

The STAR program had a generally positive effect on food security locally. The grain mills contributed to local incomes and freed up women's labor for other tasks. The grain trading projects in Yambio and Maridi failed to meet marketing expectations, but produced significant stocks that can contribute to local food security. The Maridi Farmers Association has 60 T of cereals in storage and the Yambio Farmers Association has stored more than 250 T. These farmers' associations were also able to benefit from training in post-harvest handling to apply measures to protect their stored grain and keep it over a longer period of time. The market problem must still be addressed, but better coordination is also needed (especially among international NGOs) to utilize these small, but important stocks to meet deficits in other regions.

## **Opportunities.**

### **Decentralized planning.**

The STAR Program demonstrated that the county is the appropriate level for investments in new economic capacity. However, the CDCs have not proved to be the best means for allocating credit. Thus far, CDCs' operations and overhead have been subsidized by STAR. In the future they could perhaps be better used as a planning entity, for analysis of the constraints to local development and as a clearing house for solutions to development problems on a decentralized basis – a locally-based planning entity which could bring TA to bear to resolve local problems

and serve as a technical backstop. This scenario will, of course, require continued institutional support for CDCs. A new structure will be necessary to effect micro-and-small enterprise promotion and finance.

A series of sectoral studies executed by the Natural Resources Management and Utilization Committee (NRMUC) was also funded under STAR. These studies have not been finalized, and preliminary results have been mixed. Two conclusions which have emerged from this exercise, however, are that inter-sectoral and interregional linkages need to be clarified and that resource use conflicts are becoming more acute. There appears to be need to initiate a land use planning process that can address the problems of overstocking, uncontrolled forest cutting and loss of soil fertility before they worsen. CDCs could play a key role in coordination of a village-level land use planning initiative that would incorporate farmers and herders considerable knowledge of their resource base.

### **Transport Infrastructure Rehabilitation.**

Finding a solution to the problem of high transport costs will require applying the process of capacity building to road repair and maintenance. Investments in road rehabilitation in southern Sudan should be done on a decentralized basis. Donor-funded road rehabilitation should be limited to feeder roads. Repair and maintenance of trunk roads must remain the responsibility of the central authorities. Development of a decentralized feeder road rehabilitation and maintenance program requires three basic prerequisites:

- User-managed feeder road maintenance
- Devolution of administrative responsibility
- Private management of fiscal resources allocated to public infrastructures

Before any transport infrastructure is accepted for rehabilitation work, the beneficiaries must give a firm commitment to undertake the long-term maintenance of the road. Beneficiaries is understood to mean the people living along the road as well as its current and eventual users. Once this commitment is obtained, assistance should be provided to the users in organizing the management structure for road maintenance. Road User Associations have been the usual structure adopted in other African countries, but, to the extent possible, the final choice of organizational structure should be left up to the users. In any case, the organization must be a legally recognized entity with the appropriate statutory authority to operate independently. Once the actual rehabilitation work begins, technical assistance to the user associations should be included so they can acquire the necessary road maintenance skills.

Responsibility for the maintenance of feeder roads in most countries in Africa rests with the regional authorities. Empowerment of local, user-managed road maintenance organizations requires that this responsibility be legally transferred to an appropriate local government authority. In southern Sudan the latter is the County Executive Committee. The process normally would involve the signature of a legally binding document by the regional executive whereby he/she delegates administrative competence for feeder road maintenance to the county executive.

Once the "Transfer of Competence" is completed, the county executive, in turn, would delegate the management authority for road maintenance to the duly constituted Road User



Association. This "Transfer of Management Authority" should grant the user organization full powers to manage the maintenance of the road, including the power to collect and spend fiscal resources to that end. Most user associations eventually opt for some kind of tolling system to finance their maintenance activities. The advantage of the system described here is that it provides the checks and balances necessary for erecting a system of private management of public infrastructures.

By delegating the management authority for maintaining a road, the county executive gives up control over the management of any resultant fiscal receipts (tolls) as well. However, by accepting the *political competence* for road maintenance, it retains the responsibility for the condition of the road, including the use of funds collected and allocated for its maintenance. In essence, the County executive gives up direct control over any cash receipts but retains a *de facto* auditing role *vis-à-vis* the road user organization.

One additional prerequisite for a successful road rehabilitation and maintenance program is that the organization which funds the project (donor) must retain control of the technical aspects of construction of the road. The donor should hire (or create) a Management Engineering Firm which would assess the feasibility of the road rehabilitation project (including environmental impact assessments), prepare technical specifications for construction work and supervise the rehabilitation work. Construction work should be contracted to small and medium-sized construction firms using a transparent, public tendering process. In the case of southern Sudan, most of these firms will likely be Ugandan or Kenyan. To the extent possible, construction specifications should give preference to labor-intensive operations.

### **Financial Services.**

There is ample evidence from long experience in Africa that donor-driven credit schemes do not work. The basic reasons for this are that the schemes are plagued with high default rates and lack sustainability. The beneficiaries seldom feel ownership of these schemes simply because it's the foreigners' money, so what's the hurry to pay it back. The result is that the credit scheme disappears with the donor. Credit programs are successful when they are built into a diversified financial services package and seated within a local financial services institution.

The problem in southern Sudan is compounded by the fact that there *is* no local financial services institution on which to build. Basically, a decentralized financial services network needs to be built from scratch! Indeed, a lack of liquidity in the economy is not the only problem faced by micro-finance. There are almost no mortgageable assets which would justify a rapid expansion of credit. Micro-finance must therefore also be approached from a perspective of capacity building.

Creating financial capacity involves mobilizing the surpluses that the economy is already able to produce, turning those into savings, and savings, in turn, into credit and investment. It is likely, moreover, that credit is not the financial service most needed. If asked, many traders and small businessmen/women would likely choose security over credit. A secure system of locally accessible demand deposits is often the most popular (and productive) financial product for the kind of micro-level investors one finds in a place like south Sudan. Our discussions with traders and transporters not affiliated with the STAR program showed that people are capable of

mobilizing their own resources to invest in activities that they know will bring a reasonable return.

### **Reinforcement of Civil Society's Role in Public Services.**

A significant opportunity exists to move capacity building for civil society well beyond the level of training in civics. Given the relative weakness of government institutions and the macroeconomic constraints that it must eventually deal with, civil society can begin to provide a number of services that are traditionally left to the state in many developing countries. USAID's assistance strategy for southern Sudan is already close to being one of making social investments – especially at the local level – through civil society. There are a number of sectors where this approach may yield significant returns.

Support is needed for increasing civil society's role in providing agricultural research and technology services. IDEAS is currently only developing its teacher training capabilities. An effort is needed to support the development of FMPAC – the Farm Management and Policy Analysis Curriculum – and an agriculture faculty at IDEAS.

The experiences of NPA and AAH in supporting County Agricultural Departments need to be expanded upon (see Attachment 2. for an example of how a typical CAD is organized). Emphasis should be placed on marketing and cost recovery with increased Private Sector involvement. Initiatives to initiate cost recovery for veterinary services (where some degree of privatization is already underway) also merit further attention.

Agribusiness should be seen as the basis of business support services. These services also need to be profit, not equity driven, and the experience and competence of the local Chambers of Commerce need to be taken into account and built upon. Some of the sub-sectors which may yield potential projects are the following:

- Processing/post harvest technologies -- Cereals mills, shea butter & other oils processing, soap;
- Garage – mechanics and spare parts;
- Crop diversification, vegetable production;
- Veterinary pharmacies;
- Cash crops (eg. groundnuts, tobacco for export to Uganda);
- Building materials (bricks, roofing tiles, window/door frames)

### **Livestock.**

### **Conclusions and Recommendations.**

### **Challenges.**

While generally successful in attaining its limited objectives, the STAR program exposed several challenges for any successor projects aimed at continuing the transition from relief to development assistance. Capacity building must remain a priority for any future Implementing Agency. The funneling of development assistance through civil society will continue, but considerable effort still needs to be made to increase the absorptive capacity of the relatively

weak institutions in this sector. Moreover, the civil administration needs continued reinforcement of its capacity to facilitate development through the creation of an enabling environment. At the local level it needs reinforcement in order to permit it to efficiently and transparently effect its functions.

Rehabilitation of transport infrastructure is the single most important element in the opening up of markets and providing the incentives necessary for sustained development in southern Sudan. USAID is strongly advised to concentrate on the rehabilitation of feeder roads and the creation of a structure for decentralized management of their maintenance.

Investments in agriculture must be made in the provision of agribusiness services, rather than direct subsidies for production. This means that development assistance must be made in partnership with the Private Sector, and must be demand-driven.

A number of challenges are also implicit for SPLM in the transition from relief to development. Increased development assistance must be linked to conditionality. The SPLM needs to demonstrate by actions as well as words that it is committed to "Peace through Development". Among the actions which would confirm this commitment, are the following:

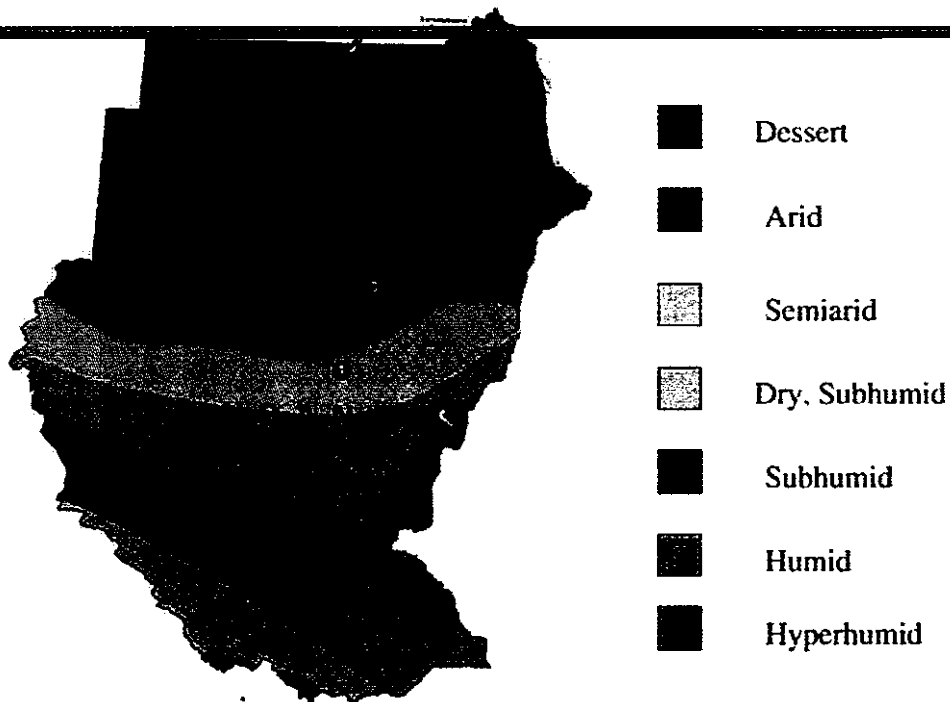
- A more balanced allocation of fiscal resources (esp. allocation of SPLM fiscal and physical resources to trunk road rehabilitation). It is unacceptable for 70% of fiscal receipts to go to the military in a civil reconstruction program based on economic development.
- Better integration of the lessons learned from capacity building in civil society into the performance of civil administration. In a truly democratic system, training and competences provided to and by civil society are transferred to civil authority through the electoral process.
- A more consistent effort to rebuild public infrastructures and restore public services. Given the lack of public resources, a strategy of public/private partnership in the management of public infrastructures is strongly indicated;
- Pay civil servants and monitor their performance;
- Provide real evidence of actual provision of public services

### **Recommendations.**

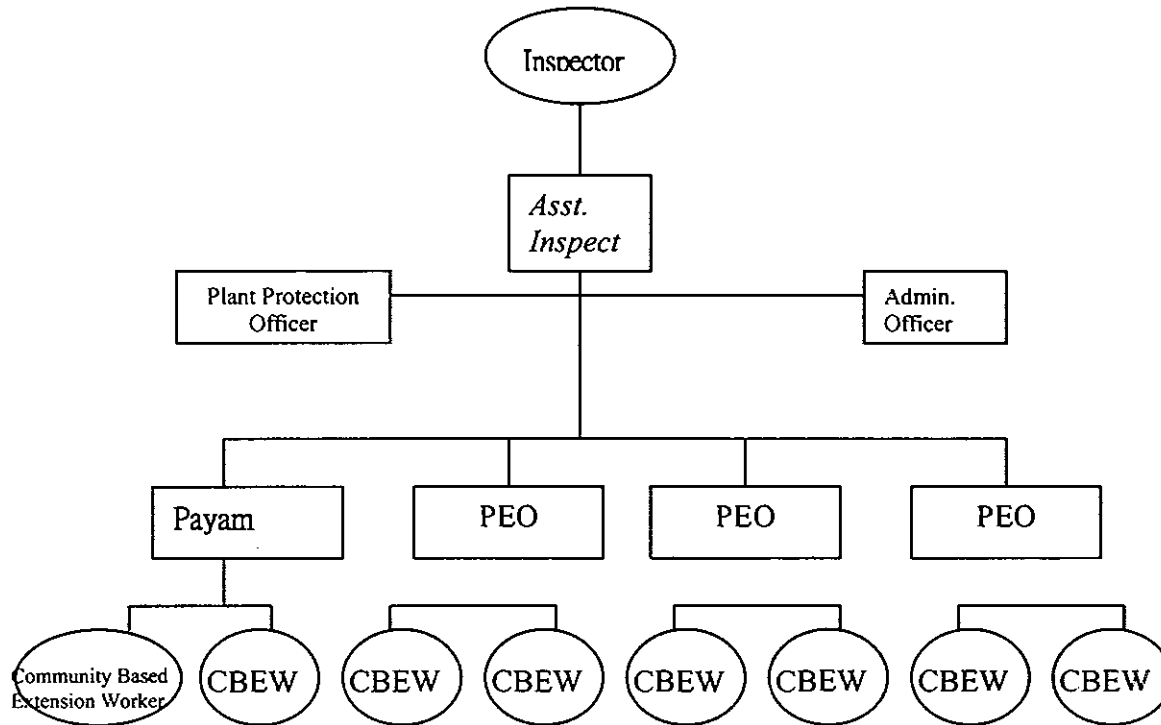
1. To the extent possible development assistance funding should promote the private management of public infrastructures, especially in the case of rural feeder roads;
2. Savings mobilization should be a first priority in the development of a decentralized financial services network. The development of agricultural credit unions should be included in the design of an MFI component;
3. Localized natural resource use planning needs to be initiated, which will take into account the key role played by the natural resource base in increasing the quantity of marketed agricultural production. The CDCs can play a crucial role in this process. To do this, however, their structure must evolve into that of real, autonomous county development authorities;
4. Better coordination is needed among NGOs and donors to give precedence to development over relief activities where this is appropriate. A good place to start would be by mobilizing locally managed security stocks in relief activities. Improvements will also need to be made in centrally coordinated agricultural production diagnostic

- capability. Experiences with FEWS and NRMUC need to be utilized and improved upon;
5. Better coordination is needed in the provision of local capacity-building and Technical Assistance so that it impacts improvements in fiscal planning and budgeting within the civil administration... Capacity-building is more than just training.

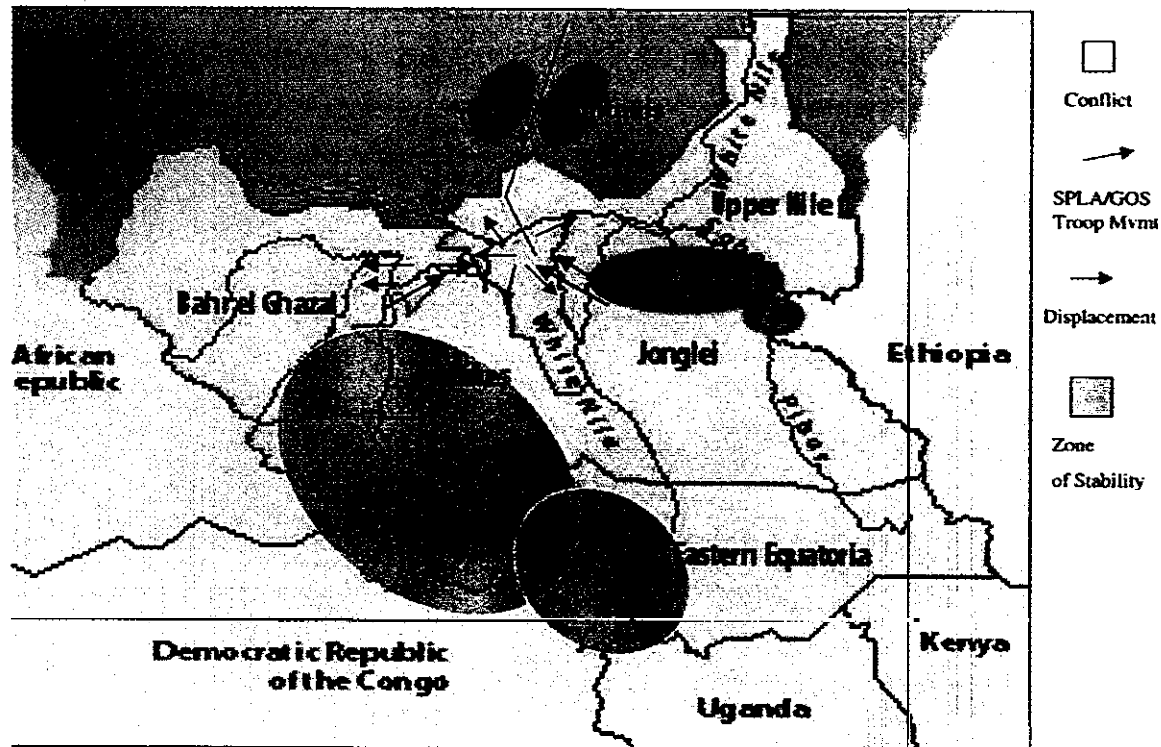
## Attachment 1.: Sudan Rainfall



## Attachment 2: County Agricultural Department: Typical Organization Chart



### Attachment 3.: Areas of S. Sudan under SPLM Civil Administration



## **PRIVATE SECTOR DEVELOPMENT**

*Prepared by Samy Nadify*

### **Business Environment:**

Private sector entities in Southern Sudan operate in a challenging and difficult environment. The main obstacles to PSD are:

- Continued war effort and presence of varying degrees of insecurity,
- Limited market size and low market activity,
- Absence of any type of financial institutions or banking system,
- Use of multiple currencies,
- Lack of liquidity in local markets,
- Poor road conditions and high transportation costs,
- Low level of regional intra-trade,
- Heavy tax and contributions burden,
- Inexistence of appropriate regulatory and institutional framework,
- Narrow pool of local talent and expertise and limited education of the workforce,
- Limited public private sector dialogue,
- Limited social capital.

Years of conflict and the fact that a large portion of local resources and tax revenues is allocated to the war against the government of Sudan have had a devastating effect on the private sector. Although limited, market activity in secure visited areas is increasing as confidence in the future of the region is being restored. Returnees are gradually investing in the local markets using their savings or remittances. Absence of hyperinflation constitutes another stabilizing factor.

The situation remains precarious, as the local economy appears to be highly dependent on NGOs and donor organizations level of activity. Markets in population centers hosting large numbers of international organizations are more liquid than others as access to hard currencies (US \$) is possible and salaries are paid to directly employed locals. In addition to the inherent macro economic challenges, private sector entities have to deal with local authorities who can impose



their own tax schedules and contributions in complete disregard of the less burdensome schedule designed by "central" tax authorities in Yei. Local traders are subject to the whims of local officials, tax collectors, and military representatives who in the name of war support levy taxes and contributions that are estimated to represent 50 % to 90 % of generated profits. The main service provided by the county in return of collected taxes is, as expressed by interviewed county commissioners, security in the marketplace. County authorities do not allocate any funds or labor to the support of health and education sectors or repair and maintenance of county feeder roads that could tremendously benefit the PSD. Local authorities largely view the private sector as an important source of revenue. This short-term vision ignores the importance of supporting the business sector at an embryonic and vulnerable stage in order to encourage the creation of revenue generating entities and ultimately increase the business tax base. Public private sector dialogue is very limited. Visited chambers of commerce play a relatively important role in the defense of private sector interests whenever possible.

Private sector development is an important engine of upward mobility and poverty alleviation. A clear commitment by civil and military authorities to PSD is needed to increase the chances of success and sustainability of any future PSD program in Southern Sudan.

#### **Impact of GMCB on the private sector:**

GMCB cannot be assessed as a microfinance program as it is by design a concessional grants and pre-credit program. No specific performance indicators were defined in the inception of the project. Given the environmental challenges existing in Southern Sudan and the fact that it was the first non relief activity implemented in the region, GMCB activities have been considered as experimental. On this basis, GMCB can be generally deemed as a success as it has achieved its goal of funneling grants and technology to local activities. It is however important to derive lessons from four years of activity and identify the limitations of the GMCB approach in order to capitalize on its past performance and design targeted high impact programs in the future.

Funds funneled through GMCB to support the creation of revenue generating activities have had an undeniable confidence building effect on local markets. As a result of years of conflict, several local markets ceased their activities and local traders sought refuge in neighboring

countries. It is safe to say that the impact of GMCB on local markets is directly correlated to the level of intensity and devastation experienced during the war. The impact of GMCB is more visible in population centers where local population and infrastructure suffered the consequences of long and devastating armed conflicts. Rumbek and Yambio are good illustrative examples of the varying degrees of GMCB's impact.

The intensity of the war in Rumbek resulted in the complete cessation of all activities in the local market. GMCB was initially used to support the creation of a wholesale shop and a grain warehouse in the local market. USAID's intervention was viewed locally as a sign of confidence of the USG in the town's future stability and security. Local traders were encouraged to return to the market and resume their activities. Traders from Yei invested in Rumbek and opened a series of small shops that represent the bulk of the local commercial activity.

Yambio, on the other hand, was taken from the GOS in one day (according to local authorities). The local market never ceased its activities for an extended period of time. The effects of the war are less visible. Local traders were able to grow their businesses during the 90's. The economic impact of businesses supported by GMCB was not significant and was deemed as negligible by local traders and chamber of commerce. Maridi and Yei are also examples of markets where GMCB activities did not have a significant impact on the local markets given the fact that trading activities were never entirely disrupted for an extended period of time. Given its proximity to Uganda, Yei has been able to quickly recover from the effects of the war. Several returnees were able to set up shop in the local market using their own funds and remittances.

Interviews with businesses not supported by STAR revealed that GMCB's support for certain activities was in some cases viewed as constituting unfair competition by some of the local traders who have succeeded without any assistance from donor organizations. A good illustrative example would be the Yambio United Brothers (UB) wholesale shop. Owners of UB started their activities in 1990 as micro traders in the market. Their business grew steadily during the 90's. As a result of years of savings, they were able to self-procure a small vehicle in 1998 and 2 trucks in 1999 and 2002 thus reducing transportation costs and increasing profit margins. The owners' entrepreneurship and dedication allowed them to recently travel to Dubai where goods are significantly cheaper than Uganda to procure a container full of various items in demand at the

local market. A trader in Maridi was also able to travel to China to purchase a container full of bicycles and other items. While this example seems to be the exception rather than the rule throughout the visited markets, it stands in contrast with the performance and "attitude" of GMCB supported wholesale shops. Wholesalers who have received grants and loans through STAR are having significant problems managing their businesses and realizing profits. Most of them are not able to repay their loans on a timely and regular basis. The GMCB subsidized wholesale shop in Yambio has difficulties making ends meet. The owners requested more support from GMCB and even asked for tickets to travel to Dubai.

Requests for additional support were generalized amongst the GMCB funded activities. The sustainability of most of these businesses is not certain given the lack of entrepreneurship and self-reliance. Of all interviewed beneficiaries, only one recipient activity (Yambio grinding mill) conceded, after asking for further help, that their business is sustainable and would still be profitable in the absence of additional assistance. This is mainly due to the prevalence of a culture of dependency on subsidies and assistance within the beneficiaries, which is detrimental to the institution of sound and responsible business management practices.

### **Business proposals :**

The criteria set for the selection of submitted business proposals put more weight on the social impact of the activities than on their business viability and financial sustainability. The proposals do not qualify as business plans as no thorough marketing assessment or financial analysis were conducted prior to the approval of the projects. In almost all observed cases, submitted budgets over estimated the size of the market while underestimating projected costs. The list of expenditures often failed to include obvious items such as spare parts, operating costs, number of employees needed, transportation costs, gas, ... Proposals are put in the required format and sent to Nairobi for approval without proper analysis and verification of the information included. As a result several subsidized businesses are now under performing if not idle for lack of market, availability of experienced mechanics, absence of spare parts,..... To illustrate, three out five supported grinding mills in Rumbek are inactive because of mechanical problems and absence of well-trained mechanics. Rural grinding mills were under performing given the limitations presented by the small size of the local market, far distances between the mill and potential

clients, and lack of resources of potential clients who prefer to use “free” traditional grinding methods.

The Rumbek lulu oil processing facility is a good example of how an inappropriate and unsustainable technology was in some cases procured as a result of an over estimation of the potential market size. An oil processing machine was procured with the anticipation that the processed lulu oil was going to be exported to international markets. Oil production started before any potential buyers were identified. Gallons of oil were processed and stockpiled for months. The local CRS project manager recently convinced the Lulu oil association members to start selling their products locally. The products are being sold at a loss when considering that no loans have been paid back yet and that gas for the oil processing machine and product transportation to the local market are subsidized by GMCB. Oil containers were not included in the original proposal and are also going to be supplied for free through GMCB grants. A careful assessment of the potential market at the proposal stage could have led to the procurement of a smaller capacity processing machine using a labor-intensive and affordable technology. The project would have been more sustainable as a result of the reduction of input costs (gas, spare parts, maintenance). As it stands now, the lulu processing facility cannot survive without the constant endowment of additional subsidies.

A predominant number of revenue generating activities supported by GMCB were grinding mills and transport associations and grinding mills. None of the interviewed transport associations interviewed was in a position to repay the interest free loans they have received to purchase trucks. The level of the loans (\$35,000 on average) are simply too high and cannot be honored given the low level of revenue generated by the transport associations in general and the sporadic nature of their activities. Most of the trucks were inactive for long periods due to mechanical problems, price of spare parts, roads condition, or lack of clients. Most of the procured used trucks were too large and unable to handle the road conditions. Furthermore, transporters have to wait until enough clients have been identified to guarantee that the truck will travel fully loaded before scheduling a trip. Smaller and lighter trucks would be better income-generating vehicles. Maintenance and repair costs would have been more manageable and the frequency of trips would have been increased.

### **Technical Assistance:**

Short training modules in business management and bookkeeping were offered to supported activities. However, technical assistance and follow on provided was limited. Local CRS project managers lack the expertise to provide continuous technical oversight and input. There is a crucial need for TA in marketing, pricing, and sales. Several of the observed groups have never owned a business before and lack the know how to properly value their products and negotiate prices. As an example, the Honey producers association in Maridi sells its product at a highly deflated price of US \$ 450 per ton to a couple of buyers in Uganda and Kenya when wholesale purchase prices vary around US\$ 1,000 in those markets. The Honey producers group is entirely composed of farmers and does not include any local traders with experience in sales. The group has been unable to identify or approach other potential clients to fully benefit from market prices and remains dependent on the demand emanating from the two clients that have been identified so far. While the mere fact that CRS has assisted local farmers to export their product is a success, calibrated and targeted agribusiness marketing assistance would allow honey producers and, indirectly, the local community in Maridi to fully capitalize on market prices and guarantee the sustainability and independence of the business venture. If properly marketed, honey has the potential to become a catalytic product driving the local economy and increasing the liquidity of the local market. Long distance project management and full reliance on field staff is partly responsible for the fact that technical input needs are not properly identified and often ignored.

### **County Development Committees**

The county development committees were created as a partnership between the civil authority and the civil society to increase local ownership of GMC B activities and to transfer the loan management and collection tasks from CRS to a recognized indigenous body. This approach has a lot of merits in the absence of an adequate regulatory and institutional environment. The participation of civil society representatives was intended to guarantee the “democratization” of the project selection and fund allocation processes. Loans provided to the selected groups were intended to constitute the basis for the institution of revolving funds employing interest-baring loans directly managed by the CDCs.

The sustainability of the revolving funds is entirely dependent on the frequency of loan repayment and low default rates. The CDCs are faced with a major challenge, as most of the visited revenue generating activities have not been in a position to regularly honor their loans. Loan terms are frequently reviewed taking into consideration the difficulties encountered by businesses. Loan recipients are generally in a stronger negotiating position and can easily impose their terms on the CDC project officers in the absence of clauses in the original agreements demanding some type of collateral (even if symbolic) or envisaging the confiscation of assets in case of default.

The CDC's original attributions include broad tasks intended to transform the committee into an advisory group whose main role is to advise the county commissioner on priority development actions and serve as a bridge between civil authority and civil society. The CDCs have been reduced to *de facto* collection agencies with the main mandate of recuperating outstanding loans in order to feed the revolving funds. Only one interviewed CDC had a resemblance of a medium term county development plan, which is in effect a wish list of additional funds needed from GMCB. CDCs are widely viewed as a CRS activity as opposed to a committee at the service of the general county population. The CDCs currently have two distinctive roles that are not necessarily compatible. The loan management role is monopolizing all of the CDCs resources while the development and coordination tasks, which are key to the rationalization and prioritization of development activities, are ignored and relegated to the back burner.

When questioned on how do they foresee the future of the CDCs, most of the interviewed executive members suggested the transformation of the CDCs into local county MFIs. This transition will be difficult to achieve given the notable lack of experience and expertise in financial management and microfinance. The CDCs assessment of the performance of their respective activities denotes a considerable lack of knowledge of business management and business development basic principles. Transforming CDCs into MFIs would be a non-productive approach that will be destined to fail unless large funds are injected and considerable training is provided. The diminishing credibility of the CDCs within the business community is another problem that will have to be addressed.

The CDC secretariat employees are directly paid by GMCB for six months. Project officers receive an inflated salary of US\$ 200 per month (recently reduced from \$300). As a result some

CDCs have difficulty retaining trained project officers when their salaries are no longer subsidized by GMCB.

### **Individual Vs. Group Loans:**

Financial assistance provided under GMCB is exclusively offered to groups. This policy, which was intended to "democratize" the grant allocation process, has had a limiting effect on the general impact of GMCB loan components. The number of members in each group varies between 10 and 50. The success of the ventures is largely dependent on the coherence of the group and the added value brought by each member. Large interest-free loans were given to identified groups. The Rumbek Akon Buoi wholesale shop composed of 50 members is a good example of a dysfunctional group that has not been able to generate enough revenue to significantly benefit each member. Several interviewed members expressed their desire to start their own individual business. Akon Buoi, one of the first activities supported through GMCB and approved in June 1999, is still experiencing difficulties paying back its loan. On the other hand, the Byda Women Enterprise Development activity, which used its grants to allocate small loans (\$ 480) to individual entrepreneurs has by far the best repayment record as 100% of its members have repaid their loans back on time ( Only \$8,300 was recovered out of \$14,400 original total loan given interest rate fluctuation against the Sudanese pound) and are receiving second loans ( \$ 600). Byda is increasing its membership base and has accepted forty five new members who will have access to individual small loans (\$ 400). A 10% (%5 to the CDC and %5 to Byda) interest rate will be applied to new loans. The performance of Byda is the best argument for the success and sustainability of small individual loans and for the potential impact of demand driven microfinance programs.

### **Project Management**

Operating and implementing projects in Southern Sudan presents serious managerial challenges. In such an environment, adequate management tools have to be put in place. Long distance project management has had unconstructive effects on the implementation of GMCB activities rendering difficult the close monitoring of supported activities and the adequate verification of information emanating from the field. Feedback from the home office in Nairobi was not always received on a timely basis creating a certain level of frustration from grant applicants, local

officials, and also local field managers. A report is sent from field offices every six weeks. Data contained in the reviewed reports was mostly repetitive and did not necessarily contain information needed for proper project management. Data gathered from field activities is not necessarily used to generate information and lessons learned. Field trips conducted by home office project managers are sporadic.

## **RECOMMENDATIONS**

### **Increased access to financing:**

To state the obvious, business development and investment in southern Sudan is principally hindered by the complete absence of financial institutions. At this stage and given the basic state of the local private sector, improved access to financing is by far the highest impact PSD activity that can be implemented by USAID. REDSO has already initiated the transition from relief to development in the financial services sector by recently issuing an RFP with the objective of creating an MFI catering to the agricultural sector. Broad-base targeted micro finance programs will need to be developed in order to increase the outreach and the impact of USAID's investments in the field. Microfinance institutions empower individuals and groups allowing them to accumulate small-scale capital crucial for economic and social mobility. In order to guarantee the long term success of microfinance programs, services offered should be demand driven and should not be restricted to a certain group, sector, or category. This is especially true in the Southern Sudanese context where there are no financial institutions to respond to the existing high demand emanating from markets located in population centers steadily fed by the arrival of returnees and IDPs. Agricultural financial services programs are generally harder and more expensive to implement due to the low population density in rural areas. Rural microfinance activities generally suffer when expansion areas are difficult to access given the conditions of the roads and unrepaired infrastructure.

Quick and high impact microfinance programs will need to be implemented in densely populated and active areas. Financial products and services should be extended to non-agricultural segments of the market. Local traders and businesses for example would tremendously benefit from working capital micro-loans and other short-term microcredit products that will ultimately qualify them to graduate to long-term larger loans after they have established credible credit

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histories. Microloans can assist businesses in the acquisition of durable goods, which can be divested in times of crisis. Households and microenterprises would also benefit from housing repair or construction loans especially in a region devastated by years of armed conflict.

Microloans will assist households in the diversification of their income sources thus reducing their financial vulnerability. IDPs and demobilized soldiers constitute the highest risk segment for microfinance programs in conflict areas. Tailored mobile microfinance programs able to follow the IDPs to their areas of origin could be developed to promote their rapid reinsertion in the civil society.

Although the local economy suffers from a noticeable lack of liquidity, deposit services should be offered by local MFIs at an early stage to instill a certain level of trust and commitment between the local population and the newly instituted MFIs. Saving services should be incorporated in the microfinance program strategy to satisfy the unmet demand for savings accounts with formal depository institutions. This was largely expressed by the local business community for security reasons. The level of economic activity will determine the demand for saving services and the degree of importance of deposit services in the mix of financial products offered.

Microfinance best practices and lessons learned in low level conflict areas should be capitalized on to speed up program implementation and ensure the adequate management of obstacles presented by existing environmental factors. The organizational structure of MFIs in Southern Sudan should however be adapted to the nature, size, and composition of identified local markets and to the social and institutional realities on the ground. Copying successful models applied in other countries without a thorough market analysis would not necessarily produce desirable results. An adapted monitoring and evaluation system preferably using the CAMEL approach (Capital Adequacy, Asset Quality, Management, Earnings, and Liquidity Management.) to evaluate the financial and managerial soundness and performance of the implemented MFI programs should be instituted at the inception of the program to allow for eventual rectifications and adjustments.

An enabling legislation for MFIs, understood, accepted, and respected by SPLM/A representatives, should be drafted in the early stages of implementation to limit the uncertainty created by the current inexistence of a regulatory framework

### **Constitution of Village and Community Banks:**

Despite the devastating effects of the war on the local economy, MFIs will not be operating in a cultural vacuum. Microcredit programs should capitalize on the fact that traditional credit schemes, Sandouks, have been used in Southern Sudan for years. Some local traders have been supporting each other in times of need through interest free loans. Village banking and group lending activities should be reintroduced and supported especially in remote rural areas where operational costs for MFIs are high and generally (unless subsidized) inflate the level of interest rates offered.

### **Introduction of Business Development Services (BDS):**

The institution of a BDS program is a *sine qua non* to the success of MFI projects especially in a post/low conflict environment where human capital has been depleted by war and the pool of local skilled workers and professionals is limited. Business development services should be incorporated in MFI programs or implemented separately when their inclusion could inflate effective microloan interest rates to unsustainable levels. Targeted and adapted BDS products concentrating on business management, marketing, and pricing will improve the performance of loan recipients and ultimately limit default rates. Providing training of trainers (TOT) programs in business development with the objective of outsourcing these services through local professionals or SINGOs would decrease implementation and overhead costs. Given the absence of local expertise, initial BDS programs will include high subsidy content. Beneficiaries, especially existing microenterprises, could be asked at later stages to share the cost of services provided by local trainers or specialized SINGOs to insure the sustainability of local BDS suppliers.

### **Development of adequate Management Information Systems (MIS) for MFIs:**

Operating in Southern Sudan is expensive. Keeping low overhead costs without affecting performance will be a crucial determinant of the success and sustainability of local MFIs. Efficient, user friendly, and adapted management information systems are key to the decrease of overhead costs and the implementation of efficient loan management activities.

### **Institutional building of Chambers of Commerce:**

Chambers of commerce can play a catalytic role in PSD especially in Southern Sudan where businesses suffer from the existing institutional and regulatory vacuum. Local businesses need adequate representation to defend their interest from prevalent abusive tax and contribution practices. The portfolio of services provided by chambers of commerce to its members should be developed to include arbitrage services in the absence of commercial courts, marketing services, and business training programs.

### **Introduction of PSD training modules for Civil administrators and tax collectors:**

Civil authority and administration representatives would greatly benefit from training programs designed to increase their awareness of the importance of the private sector. A collaborative private public partnership is key the creation of an enabling PSD environment.

### **Development of vocational training programs:**

In addition to providing business management training modules, vocational training programs should be offered to increase the potential client base of MFIs. Trained locals in different trades will constitute an ideal pool of entrepreneurship that can be tapped by local MFIs.

### **Revision of the Economic Rehabilitation Program's (EC-REP) Scope of Work:**

While the STAR program has officially ended on June 30, 2002, the GMCB program activities have been extended under the EC-REP contract with CRS until 2004. With the imminent

introduction of *bona fide* microfinance programs in Southern Sudan, the continuation of GMCB activities presents a challenge to the efficient institution of local MFIs. The continued implementation of a grants program, with an inadequate interest free loan repayment record, will limit the potential market of newly instituted MFIs as local entrepreneurs will naturally prefer to receive a grant or an interest free loan with no repayment obligations attached rather than apply for a loan through an MFI. The continued operation of under-performing and inefficient CDC revolving funds also present. "Loan habits" developed through years of extension of subsidies to local revenue generating activities through GMCB will probably be one of the main challenges that MFI programs implementing organizations will have to face.

EC-REP's scope of work should be revised to support the proper implementation of MFI programs. Ideally, grants making activities should be phased out and limited to "extreme" cases. More efforts should be invested in the recuperation of outstanding loans and the immediate activation of any repayment agreements or understandings with delinquent loan recipients before the first USAID supported MFI initiated its operations. The implementing NGO should also concentrate on insuring the sustainability of the activities financed under GMCB and significantly decreasing their continued dependence on subsidized inputs. EC-REP funds could also be used on deeper and more expansive training modules in business management and microfinance and initiate the training of future loan officers to be hired by future MFIs. CDCs should be assisted to concentrate on their developmental and coordination tasks. The CDCs should not be in the business of loan making when "real" MFIs are being instituted. Competencies within the CDCs, once further training is provided, could be employed by newly created MFIs who will have to manage the lack of local professionals in a position to properly assist in the implementation of microfinance programs.

**Increase local presence of expatriate expertise and management:**

STAR has shown the limitations of long distance project management in Southern Sudan. There is no doubt about the fact that long-term local presence of competent expatriate and local experts could have ameliorated STAR's performance. Follow on projects will require local resident advisors who can be in a better position to assess the performance of their activities and adjust the quality of provided services. The use of efficient monitoring and evaluation systems is

indispensable to the collection of data and generation of usable information should be generalized in order capitalize on lessons learned.

## **INSTITUTIONAL DEVELOPMENT AND CAPACITY BUILDING**

*Prepared by Sean Walsh*

### Introduction:

This report is based on a limited number of interviews in Kenya and the southern Sudan and a limited review of program documentation provided in AID/Washington and at REDSO/EA. The evaluation is based on a scope of work, which was nine months out of date and did not reflect program decisions taken during this nine-month period.

With regard to evaluation of the UNICEF component of STAR, there were no UNICEF staff in the field knowledge about the STAR Program and no program management in Nairobi with whom to discuss the program. Two productive meetings were held with UNICEF's consultant David Deng.

Documentation provided by USAID and implementing organization was confusing and in some cases contradictory.

### I- STAR Institutional and Capacity Building Objectives:

In 1998, after 10 years and more than \$1 billion of US emergency relief and humanitarian assistance to southern and northern regions of Sudan affected by draught and war, USAID determined it would seek to introduce sustainable economic development into its relief and humanitarian assistance program in the southern Sudan.

USAID's Strategic Objective for the Sudan Transitional Assistance for Rehabilitation Project (STAR) is to "increase participatory democracy and good governance practices in opposition-held areas of Sudan while reducing heavy reliance on relief."

Intermediate Results in the Results Framework are to increase or expand capacities of indigenous southern Sudanese people, organizations and civil authorities to foster democratization and good governance, management of humanitarian and economic development programs and increase levels of accountability and transparency.

USAID's policy is to pursue this goal through public and private indigenous institutions working at the county level. USAID specifically excluded working at the regional or "national" level for political reasons. This decision carries with it significant implications with regards to pursuit of an economic assistance strategy. Most notably, it means USAID is unable to engage in discussion and development of appropriate macroeconomic policies or monetary and fiscal policy dialogue and institutional building.

In this context, the STAR program is premised on the development of indigenous southern Sudanese capacity to plan, design and deliver economic development assistance. The planning element of this strategy is centered on the Development Assistance Technical Team. To act as the focal point for the SPLM contact, coordination with USAID and other donor institutions and to serve as the planning development agency of the SPLM.

Components of the STAR program include:

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1. Grant Making/Capacity Building;
2. Civil Administration Training;
3. Strategic Analysis/Capacity Building and;
4. Social Organization and Administrative Rehabilitation.

Cross cutting issues within the STAR Program include:

1. Agriculture;
2. Micro business;
3. Gender.
4. Capacity building

Depending on which AID document is referenced, the STAR Program cost between \$3 and \$11 million from its inception in FY 98 to and including FY 2002. A USAID representative in a debriefing on July 3, 2002 also cited the figure of \$20 million.

The Economic Rehabilitation Program or Grant Making /Capacity Building component was implemented by Catholic Relief Services (CRS) as a three year activity. According to one AID document this component resulted in over 70 sub grant, had 3486 direct beneficiaries; 3,843,559 indirect beneficiaries; cost \$2,433,169 and resulted in loans totaling \$982,813.

The Civil Administration component was implemented by UNICEF and cost \$1 million. This component began in FY 98 and was funded for two years, ending in FY 99. Project activity however continued until June 2002.

Social Organization and Administrative Rehabilitation (SOAR) component began in FY 2000 and was funded until FY2001. This activity cost \$2.92 million. Project activity is continuing.

The Strategic Analysis/Capacity Building component cost \$3.92 million. This component began in FY 2000 and is continuing as of 7/5/02. This component is being implemented by DATT.

An additional \$500 thousand was earmarked for "activity management", \$1.38 million for program management and evaluations and \$200 thousand for "quick disbursements for small activities."

## II - Institutional Development/Capacity Building Activities:

According to one AID document, USAID awarded a \$5.15 million contract to the Catholic Relief Services (CRS) under the Grant Making/Capacity Building component of the STAR Program. The purpose of this contract was to support institutional development of civil society. CAR contributed approximately \$500 thousand of it's own funds to the project.

USAID also provided support for institutional development and capacity building under the SOAR Program. This included a \$1.2 million sub grant to Christian Aid for support of the judiciary system, a \$1.48 million grant to International Rescue Committee and a \$1 million contract to UNICEF for training of local civil authority/government.

### a) County Development Centers:

Under the Grant Making/Capacity Building component of STAR, CRS has provided support to 12 County Development Centers (CDC) to undertake the planning and coordination of economic development activities in their respective counties and in particular to implement a private sector, micro-enterprise revolving fund.

Specific assistance has included training of a CDC chairman, a project officer and an accountant/bookkeeper. STAR has also funded construction/rehabilitation of office space, transportation (bicycles) and for a limited time it has funded the salary for the project officer.

The major focus of the five CDCs visited during the evaluation was the management of the Revolving Fund. In most cases the individual projects had been originated and designed by the CRS staff and presented to the CDC for approval and subsequently to USAID for approval.

The Revolving Fund activity has, in my judgement, been a failure in terms of both its institutional development objectives and as a pilot micro-enterprise lending activity.

In the first instance, the Revolving Fund loans were for amounts of up to \$40,000, which do not mirror the borrowing capacity of micro-borrowers. Secondly, in an environment of a nascent economy with little experience with of the creation of formal business enterprises, loans of the magnitude that were made are unjustified, ill advised and reflect a lack of financial expertise on the part of the originating institution.

A second significant failure was the selection and procurement of inappropriate technology in the context of a society lacking basic mechanical skills and repair facilities. As a result, 3 out of 5 grinding mills visited in the Rumbek area were inoperative. Similarly, one mobile sawmill was inoperative. The latter as a result of inadequate training of the mill operator and the fact that repair facilities were only available in Uganda.

The repayment history of Revolving Fund loans is, at best, very poor, with approximately 70% of outstanding loans "non-performing". This situation reflects the inappropriate financial structuring of the loan terms and conditions and inexperience of CDC staff with monitoring loans and restructuring repayment terms where necessary.

The CDC and CRS approach to promoting private sector development appears to be premised more on equity considerations than financial and technical feasibility. This is not a recipe for successful private sector development.

The institutional capacity of the CDCs is extremely limited with only one or two trained staff per CDC. Its role and relationship to the County Secretary (Commissioner) is not clear. The CDC's relationship to the Civil Authority was described as ranging from independent to consultative to a direct reporting responsibility. Similarly the CDC's relationship to the County Liberation Counsel (legislative branch) was not clear. On one occasion, the County Secretary said the CDC reports to him and in another case the CDC chairman said he consults with the County Secretary.

Senior SPLM leadership specifically cited the CDCs as an example of USAID undermining the role and responsibility of the SPLM and of the creation of unbalanced institutional



development between the civil authority and civil society. This source anticipated the eventual demise of the CDC in favor of a civil authority (county) institution with responsibility for planning and implementing county development activities.

The one positive observation comes from the discussions with the CDC in Yei. The CDC Chairman spoke at length about the CDC's community awareness program and the efforts it has and is continuing to devote to meet with village and boma level officials and residents to make them aware of the CDC and its role and to solicit ideas from the communities. The Yei CDC is the only CDC interviewed that was able to produce a strategic plan, which outlines its mission, its goals and objectives and its relationship to the Civil Authority. The Yei county CDC is notable in that it has strong management provided by the chairman and project officer and at least one of its executive committee members.

As an experiment, the CDCs were a success to the extent it has shown the weakness of the model utilized (i.e. the Revolving Fund). The failure of the CDC model reflects the need to involve organizations experienced with the specific activity being undertaken. CRS, which provided the technical assistance and training is a highly experience responder to natural and man made disasters. It is not specialized in design and implementation of economic development activities, including economic planning and establishing and managing micro lending institutions.

The CDCs appeared to rubber stamp project proposals originated by CRS.

USAID must also accept a major portion of the responsibility for the non-performance of the CDC Revolving Funds. USAID approved the initial program design concept and more significantly reviewed and approved each of the individual Revolving Fund loans.

Generally, the CDCs are long on enthusiasm and short on experience and institutional capacity.

There is no possibility that the CDCs will be able to continue without continued USAID or other outside financial support.

b) Community Based Organizations:

The Grant Making/Capacity Building component of the STAR Program also funded support for institutional development of community-based organizations (CBO) including womens' groups, farmers' groups, business groups, and educational activities. These activities were also implemented under the CRS contract.

In all cases, the modes of USAID/CRS assistance were funding for physical construction or rehabilitation of structures needed to conduct operations, (e.g. for meeting or conducting business) and training of CBO membership in such areas as human rights awareness, empowerment, basic business skills (bookkeeping) etc.

In general, this component of the STAR/CRS institutional development and capacity building program appears to have been more successful than the CDC program. There are now six CBOs supported by STAR/CRS in place and operating in 4 counties in two regions in

southern Sudan. These CBOs are actively participating in the economic and community activities in southern Sudan. This was not the case three years ago.

Members of the community-based organizations universally demonstrated an enthusiasm and optimism as a direct result of their experience with the STAR/CRS program. This was most evident within womens groups which, although not always financially or operational successful (e.g. LuLu Processing Project), did make a significant contribution to empowering the members and providing them with knowledge and skills not previously available (e.g. handling money, participating in making decisions)

c) Local Authority/Government:

Under the STAR Program, the major program for strengthening and improving performance of the local authorities has been Component 2 – Civil Administration. The program objective was to build the capacity of civil administrators and administrations in public administration and finance, governance, accountability, and human rights. This component ran for two years with funding ending in FY99. Project activity continued until December 2001.

USAID has pursued the object of increased accountability and transparency of local authorities under a contract with UNICEF. The background to this effort is the nearly 20 years of conflict in the southern Sudan and the collapse of civilian authority. Until 1994 all governmental functions, to the extent they were provided, were provided by the SPLA. In 1994 the SPLM decided to create a civil authority to govern areas under its control.

The UNICEF program consisted of a series of training programs for payam administrators in the Western Equatoria, Lakes and Bahr el Ghazal regions. A total of between 150/290 (numbers changed several times during various interviews) payam staff participated in three workshops each lasting 6 weeks. This represents approximated 50% of payam administrators and deputy administrators within these regions. There was no training in any of the remaining 3 regions of the southern Sudan.

These workshops covered a range of topics relevant to local governance and included principals of good governance as well as management and leadership skills training. The content of the training appears appropriate for the audience and the end of training evaluations confirmed this fact.

The critical observations are that the training was limited to a one-time event with no institutionalization of the training, no follow up training, no on the job training, did not include officials at the county or boma level and most importantly was implemented by a relief agency without any operational experience in local government or local government training.

Participants in the training nevertheless perceived the training as worthwhile and contributing to a better understanding of their role and responsibilities in Civil Authority.

There is no information available on where the training participants are now employed. Some uncounted number of those people trained, subsequently left the Civil Authority and took salaried positions with international NGOs. This appears to be a significant (although

undocumented) problem in southern Sudan and one that the USAID and the NGO community should address.

The question remains as to what impact the civil administration training had on the behavior and performance of civil authorities.

While the structure of civil authority has been established, no one could provide the Team with an organization chart for the individual unit structure or for the total civil authority structure. In one county (Yei) as much as 80% to 90% of the identified positions were unfilled. This high vacancy rate is attributable to both the lack of qualified candidates, loss of trained personnel to the international NGOs and the failure of the Civil Authorities to pay salaries.

Based on the field interviews there is certainly lip service to the concepts of accountability and transparency. There was, however, no physical evidence of implementation of these concepts. Specifically, we asked for information on budgets, revenues and expenditures in Rumbek, Yambio and Yei and were told they either did not exist or were in preparation.

This lack of accountability and transparency was confirmed as a generic problem in subsequent conversations with representatives of the SPLM. On a positive note, the Health Commissioner for the SPLM Secretariat of Health said a budget including detailed expenditures had recently been prepared for the health sector and would be made public. Both the Health Commissioner and Commissioner for Local Administration and Legal Affairs agreed that public accountability of revenues and expenses were essential to good governance and the lack of public reporting had to be addressed.

Efforts to get clarity on revenue collection at the county and national levels were also unproductive and confused. County officials admitted to collection of taxes and sharing revenues with higher levels of the Civil Authority but could/would not provide details on amounts collected or how they were spent.

County, payam and boma officials all expressed their support for the rights of women and children and specifically education of girls and participation of women in different forum (e.g. CDC, Civil Authority, CBOs etc.). It was pointed out on several that women are automatically granted 25% of the seats in the different Liberation Councils and are able to compete with men for the remaining 75. Some counties had a position for Women's Programs but appear to be able to do no more than act as a cheerleader since there was no money to fund programs.

No one in the list of official visited at the regional, county or payam level acknowledged any problem with the SPLA or local security forces in regards to human rights issues. While there was acknowledgement of a serious problem in the past, it was not identified as a current problem with the possible exception of areas near the fighting. One payam administrator said there was no problem with the SPLA and in fact there was no crime within his payam!

Discussions with several expatriates and church officials involved in the relief and NGO activities were more open, and although still guarded, indicated they had personally witnessed recent abuses by police and army personnel and misuse of relief food supplies.

Even these observers noted that such instances had decreased and overall the current situation is greatly improved over three years ago.

In general there appeared to be an effort to present a positive story to the evaluation team. There was a clear sense of solidarity in supporting the struggle against the north and no dissention regarding SPLM or the behavior of civil authorities.

The evaluation of this portion of the STAR Program was unfortunately hampered by the unavailability of UNICEF staff in southern Sudan with any knowledge of this component of the STAR Program. Similarly, no project management staff was available in Nairobi to discuss UNICEF's STAR funded activity. UNICEF's principal consultant, David Deng did provide the Team with a briefing as part of the Team's initial briefings in Nairobi and again upon the Team's return to Nairobi after the field visits.

d) Judiciary:

As was the case with civil authority, the rule of law and respect for basic human rights disappeared in southern Sudan as a direct consequence of the war. Rape and other acts of personal violence were a common occurrence and property rights did not exist vs the demands of the SPLA. What law enforcement existed was under the authority of the SPLA and was not responsive to the needs and demands of the local, civilian population.

USAID efforts to address these issues have been implemented under a \$1.2 sub contract to Christian Aid. Specifically, Christian Aid has been carrying out a program of training and institutional development/capacity building aimed at promotion of the concept of the rule of law and development of a judicial system consistent with the concepts of good governance in southern Sudan. This program ended in December 2001.

Discussions were held with Christian Aid's Field Coordinator in Rumbek and the Project Manager in Nairobi. During the evaluation, site visits were held with senior members of the Judiciary at the Judiciary Compound in Rumbek, with the Attorney General and with county judges in Yei, Mundri and Yambio.

Starting at the top of the system, the southern Sudan judicial system is part of the executive branch of the SPLM. As such it is in a conflict of interest situation even though it says it acts independently of the executive branch.

START, through Christian Aid, has attempted to deal with the judiciary and rule of law issues by first conducting a survey of the existing legal system. This survey revealed that the judicial system is very rudimentary, with few trained lawyers, few para legal staff, poor facilities and almost no system for recording judicial information regarding cases heard, decisions made, fines imposed etc.

To deal with the situation Christian Aid provided limited equipment, including used vehicles and materials to the judicial system and provided training to approximately 40 para legal staff at the payam level. This training was conducted in one, two-week workshops in March 2002.

Subsequent training was to be undertaken by the regional judges for both para legal staff and judges at the county and payam level. Even though funds and vehicles were provided to the senior judges to carryout this training, only one judge provided any training to lower levels in the judiciary.

The New Sudan Law Society was characterized as an unreliable and unmotivated partner in the effort to build a judicial system in southern Sudan

As a result of STAR's efforts, court physical facilities were constructed the Judiciary compound in Rumbek and at various county courts.

Issues noted during these interviews were the constant voicing of need for stationary and the need to train more para-legal staff and police and prison staff. Noted but not voiced during interviews was the lack of financial accounting of fines collected and expenditures.

The judges interviewed at the county level had no formal legal training. In fact the Evaluation Team received conflicting information on the qualifications required to be appointed a county judge. In one instance the Team was told a county judge had to be trained as a lawyer. In the interview with the Yambio county judge, we were told the judge had not completed primary school.

In terms of underlying legal principals, all county court personnel interview referred to two pamphlets, the 1994 penal and civil codes (actually four codes exist), as the basis for deciding cases brought to the court. Members of the Payam courts were not clear on the relationship of the civil and penal codes to traditional and customary law and indicated that decisions in previous cases (i.e. precedent) did not play a role in their decision-making. In fact, the payam courts had no way of knowing the outcome of cases beyond their own jurisdiction.

In one interview, the principal respondent was one of the para legal members of the court and not the judge. It was explained later that the judge had limited education (i.e. had not complete primary school) and looked to the para legal staff that had completed secondary school.

The courts visited appeared to have limited supplies and material and all complained about the need for stationary as one of their most serious problems. The county courts have no system of following judicial decisions made at a higher level unless it is a direct appeal of one of their cases.

The higher courts, i.e. High Court and Court of Appeals have limited capacity to meet or supervise the county courts. There is no program of continuing education and training for any members of the county or payam courts. Senior judges seemed more concerned with getting a vehicle than attending to business. The Chief Justice was out of country during the evaluation field visit. This is reported to be a common occurrence. There appeared to be strained working relationship between the senior judiciary and Christian Aid.

A "Law Review" supported by the STAR/Christian Aid Project was underway during the Evaluation Team's visit to the Judiciary Compound in Rumbek. Sudanese was attending this review from a variety of legal and non-legal backgrounds and its purpose was to review

and/or draft 23 laws to be submitted to the National Liberation Counsel. Of particular significance, the composition of the law review committee included 8 women.

Fines collected at various levels of the judicial system fund the system's operations. Revenue is distributed along the lines of other revenues (i.e. taxes) with a portion (20%) retained and the remaining 80% sent to the county, which retains a portion and sends the balance to the next higher level of the administrative structure. A portion of fines retained at the originating level is supposed to fund local police services. There is an apparent problem in the sharing of this revenue with police and prison system. As is the case with the Civil Authorities, the judicial system provides no public financial accounting of fees and fines collected and expenditures. There also appears to be no system for supervision of the operations of lower level courts or any review of disposition of cases at lower levels.

### III - Conclusions:

#### 1- Institutional Development/Capacity Building

##### A) General

There appeared to be a disconnect between the SPLM and AID regarding what USAID and the NGOs were doing in southern Sudan. This includes disagreement, inter alia on the role of the CDC, the method of disbursing funds, the degree or lack of consultation on development activities and level of training within the Civil Authority.

Develop strategic plans and work programs for each sector in which assistance is to be provided and ensure the SPLM buys in or do not provide the assistance.

Development activities should be designed and implemented by development institutions experienced in the subject being addressed. Relief agencies should be used to design and implement emergency relief activities.

##### B) County Development Committees:

- 1) The CDCs are not capable and do not have the capacity at this stage in their development to independently manage any significant level of resources, plan the economic development of their respective counties or effectively coordinate NGO initiatives and programs.
- 2) None of the CDCs visited during this evaluation had a business plan and none had any realistic means of financing their operations once USAID's support ends. None had any experience in developing, designing or managing economic assistance programs or projects and only one articulated its responsibility to include developing county economic plans and priorities, promoting community awareness of economic development, soliciting community input economic plans or coordinating with the NGO community.
- 3) The CDCs represent a potentially major achievement to the extent that they did not exist three years ago, their membership includes representatives of both private and public

sector, their management is in the hands of the private sector and they are involving local residents in the economic development of their communities.

- 4) To fully realize the potential benefits of the CDCs, a significant level of on site technical assistance is necessary to provide CDCs with the required to manage a development organization. This includes training in program planning and project design and implementation/evaluation.
- 5) The on site technical assistance should be provided by qualified international experts not limited to just the Sudanese, Kenyan and Ugandan communities (which are themselves recipients of AID technical assistance).
- 6) If the CDCs continue to implement a loan program, it should be restructured from top to bottom, its lending narrowed to reflect the borrowing capacity of its clientele and its staff provided with specific training in financial analysis and project design techniques.
- 7) Provide technical assistance to the CDCs by development institutions (private or non-profit) with proven experience in the micro lending sector.
- 8) USAID should continue to support the CDCs as a mechanism for joint civil society and civil authority effort to plan the future development at the county and lower levels. At some point in the future it will be necessary to also establish a focal point within the civil authority structure to take responsibility for shaping official development policies, strategies and budgets needed for economic development.
- 9) In any future work with the CDCs there should be explicit provisions made for operational linkages and exchange of experiences among the CDCs and clarification of the CDC's role vs the civil authority.

**B) Community Based Organizations:**

1. START/CRS assistance to CBOs appears to be have been more successful than it was with the CDCs. While some CBO projects have not achieved financial self-sufficiency, with the exception of the Rumbek secondary school they all exhibited a high degree of community support and have made a significant impact on the confidence and self-esteem of the membership.

**C) Local Government/Civil Authority:**

1. A skeleton structure of local government is in place in southern Sudan and most senior level positions have been filled. Most lower level staffing is not in place. There is reported to be a clear improvement in civil administration's understanding of the concepts of good governance and the rule of law since the inception of the START Program in 1998.
2. Civil Authority is unable to provide any basic public services (water, sanitation, education, police etc.) to the civilian population as a result of inadequate financial and human resources and the lack of enabling legislation and policies. At the same time, there

is no public accountability or transparency of actions of the Civil Authorities and no public accounting of revenues raised.

3. There is no accountability of Civil Authority to the legislative branch (Liberation Counsel).
4. The direct role of the SPLA in administering civilian populations has decreased dramatically from what it was reported to be in 1998. The SPLA influence in civil administration is nevertheless significant, principally due to the fact the many if not all senior civil administrators have come from the officer ranks of the SPLA and are all appointed by the SPLM.
5. Provide training to the Liberation Councils to enable them to deal with the more powerful County Secretaries and higher authorities.
6. Local governments need financial resources to pay staff and provide basic public services (see comments on need to monetize economy and reform taxes/customs collections).
7. Support creation of an institute for training all levels of public administrators. Link the Sudanese institute with an experienced U.S. institute or organization of local government.

D) Judiciary:

1. Support the development of the southern Sudan judiciary with expert technical assistance and with limited materials/equipment;
2. Require conditionality as part of this assistance, including SPLM financing and conditioning disbursements on production and publication of, inter alia, periodic financial reports;
3. Provide materials/equipment and training based on performance of individual judges;
4. Support efforts to draft essential legislation (e.g. local governance act, banking laws, property rights);
5. Employ development institutions with experience in creating a legal framework and environment;
6. Assign management of this aspect of any future work to REDSO's Legal Office.

IV – Gratuitous Recommendations/For What There Worth:

- 1) Provide more training on a continuing basis to public administrators, including both on the job and off site training;
- 2) Provide on site technical assistance to civil authorities and CDCs;
- 3) Provide formal and on the job training to public legislators;
- 4) Provide assistance to creation of transparent custom and tax system (including training necessary staff);



- 5) Provide assistance at the county for creation of a banking system and common currency;
- 6) Provide "national" level assistance at the county level through coordinated county programs resulting in common rules and procedures for taxes and banking across county lines;
- 7) Provide economic assistance through professional economic assistance organizations and institutions;
- 8) Provide relief and rehabilitation assistance through professional relief agencies;
- 9) Don't mix them up;
- 10) Do not provide assistance in excess of southern Sudan's very limited absorptive capacity;
- 11) Provide resident USAID Project Management in southern Sudan;
- 12) Provide resident USAID Project Management in southern Sudan with helmets and bomb shelters;
- 13) Provide resident project management by implementing institutions/contractors in southern Sudan;
- 14) Do not allow project management staff to reside in Kenya;
- 15) Only work with Sudanese living in southern Sudan, not Kenya;
- 16) Bite the bullet and pay the price for the supporting infrastructure needed by on site expatriate technical and management staff living in southern Sudan;
- 17) Support development of an indigenous institution focused on providing public administration education and training;
- 18) Seek to partner a Sudanese public administration institute with a U.S. professional institution;
- 19) Provide continued training to the judiciary at all levels and aspects of judicial systems;
- 20) Provide good governance and rule of law training to police and prison officials.
- 21) Broaden the universe of institutions and individuals providing technical assistance to more than Kenya, Uganda and Sudanese Diaspora;
- 22) Hire graduating Peace Corp volunteers (i.e. those just completing their two year period of service) to work in southern Sudan;
- 23) Develop a health/reproductive/population planning program to: 1- avoid future problems of inadequate resources to deal with an increasing population and; 2- the current problem of women having 8,9, 10 or as reported in one interview, 18 children and no voice in the reproductive process.

## STAR EVALUATION: Institutional Development and Capacity Building

### Summary Observations:

- 1- Sudan is at a very primitive stage of development. Its economy is based largely on barter and taxes are paid as often as not "in kind". Cattle represent both a source of wealth and a medium of exchange;
- 2- Public sector institutional development is also at a very early stage of development. At the county and lower levels, institutions of local government are barely functioning. They have little or no revenue and provide little if any services to the population. There is no thought of providing traditional public services, i.e. water or waste disposal, public health or education;
- 3- Star efforts at institutional development were inadequate and too limited to have any significant impact. Capacity building appears to have been limited to physical construction or reconstruction of buildings (offices), provision of furniture, a car and/or computer;
- 4- There is no legislation covering local governance – i.e. a local government act defining and limiting powers of local government, including power to tax and collect revenue;
- 5- There is a very thin layer of educated much less trained staff at the county and lower levels of government;
- 6- There appear to be few if any trained technical staff, i.e. engineers, planners, water or sanitation specialists and few if any semi skilled or unskilled staff i.e., road maintenance foreman, linemen, road repairmen etc.;
- 7- There appears to be no accountability of local authorities to anyone other than their immediate supervisor;
- 8- The senior public administrators all appear to have come from the SPLA;
- 9- The senior judiciary also appear to have come from the SPLA;
- 10- The executive branch, i.e. county, payam and boma secretaries consult with but are not accountable to their legislative counterpart (Liberation Counsel);
- 11- There is no real transparency of local government actions for the same reason;
- 12- The County Secretary (Commissioner) is also the Chairman of the County Liberation Counsel and is reported to be able to control legislative recommendations (resolutions) coming from the Counsel. This is a clear conflict of interest and not consistent with the concept of good governance;
- 13- There has been no training of the legislative branch of local government;
- 14- There are no public budgets or reports on how taxes/revenue is spent;
- 15- The only training done for local government was a UNICEF program of 6 weeks for some 49 county and payam administrators. There appears to have been no follow up to this training;
- 16- CRS is the wrong institution for economic development. It does not have the type of trained and experienced staff needed to develop and implement an economic development program;
- 17- The CDC's lacked any project design and analysis experience, and were not provided any training in project design and analysis. At best, the CDCs have an educated chairman and project officer (who is susceptible to moving to an NGO after his salary ceases. There are no women chairpersons or project officers;

- 18- The grant activities being managed by the CDCs were initially developed by CRS and by and large the are all losers, i.e. 3 out of 5 grinding mills not operation in Rumbek, mobile sawmill inoperable and non payment of loans. Loans appeared to have been made on basis of equity and not financial feasibility. Subsidized loans are competing with market activities, i.e. wholesalers in Rumbek competing with non Star wholesalers;
- 19- Future Star activity depends on what USAID wants to achieve. If its broad scale economic development than, in the absence of any other donor providing economic development assistance, USAID and the Sudanese will need to undertake the following:
- 1- monetize the economy;
  - 2- create a banking system;
  - 3- build a local government and public administration capable of providing essential services, including maintaining roads and accountable to the local legislature;
  - 4- build primary roads to facilitate commerce;
  - 5- create an efficient and transparent system of local taxes;
  - 6- create the legislative and judicial systems conducive to development of a market economy (local government act, contract law etc.);
  - 7- Educate and train Sudanese public administrators;
  - 8- Create a institute for public administration;
  - 9- Create basic physical infrastructure, i.e. roads, bridges, power generation, transmission and distribution, water purification systems, solid waste removal etc.
  - 10- Reduce the population growth rate;
- 20- Star, viewed as an experiment has been a success. It has shown the weakness of trying to undertake a development program with relief agencies as the designers and implementers (they are experienced in dealing with natural and man made disasters but are not experienced in economic development). Star has supported the development of a basic framework of local governance and has created awareness on the part of senior public administrators of the concepts of accountability, transparency and good governance. It has shown the weakness of trying to move beyond the absorptive capacity of local institutions (i.e. CDCs). It has pointed out the critical need not only to promote a system of local governance based upon accountability and transparency but also including creation of an effective counter point (i.e. legislative branch of local government) to whom the executive branch is held accountable. Finally, Star has demonstrated the need for on site USAID management of a major program.
- 21 - With USAID management resident in Sudan, it is harder for senior Sudanese to justify their continued presence in Nairobi.
- 22 - Future USAID assistance should be premised in part on the provision of hands on technical assistance with public administrators and private/public institutions such as the CDCs. This will no doubt be an expensive mode of operations but is viewed as critical to the success of any economic development assistance. To be successful, USAID will probably want to link the current relief NGOs with their logistical experience with firms specialized in the traditional practice of economic development. In the field of local governance this would include such organizations as the International City Managers Association (ICMA) and the League of Local Government Financial Officials etc. In the area of finance and banking, USAID has significant experience with a range of institutions including CLUSA and CUNA in small-scale local banking. For micro lending it would include, inter alia, Accion Int'l;
- 23 - Help Sudan put together a Southern Sudan Economic Development Plan;
- 24 - No one seemed willing to be critical of the local government structure or those exercising authority (other than expatriate staff of some NGOs who reported misuse of relief food supplies and rough arm recruitment tactics by the SPLA). This may be a reflection of the sense of national unity and struggle or a fear of alienating the existing power structure;

## DETAILED METHODOLOGY FOR EVALUATING STAR'S IMPACT ON WOMEN

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*Prepared by Judith Schorscher*

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The results of the gender section were obtained using the following methodologies:

1. Women's workshops: for information on economic and psychological impact of GMCB activities on women beneficiaries.

Women's workshops are time consuming but generate in depth information on changes as perceived by the women. Each person is given the same number of opportunities to speak, thus allowing all women to express themselves.

We held two women's workshops, one with a successful group and one with a more typical group that was having some problems:

- 19 women from BYDA who received GMCB support and were continuing their businesses
- 8 women from Mapourdit Women's Grinding Mill

2. Focus group Interviews with a number of local women's groups (non-beneficiaries) and with women beneficiaries in order to obtain information on women's key needs, their level of organization, and to look at the impact of the projects (for beneficiaries and non beneficiaries).

We made sure that each woman present had at least one opportunity to express herself.

- ESC Mothers Union Lulu Oil Production (Alol)
- Lasu Grinding Mill Group (part of Yei Rural Grinding Mill Association)
- Maridi Catholic Women's Grinding Mill Group
- Women leaders: Awud Deng, Pauline Riak and Nathalina Amou in Rumbek
- New Sudan Women Association Resource Center, Yambio
- New Sudan Women Federation-NSWF, Yambio County
- Women leaders meeting in Kotobi (Mundri C.)
- New Sudan Women Association, Maridi County
- Yei River County New Sudan Women Association

3. Interviews of Key informants: these were lengthy interviews to generate recommendations for strategic planning of women development in Sudan, and information about women's health issues.

- Dr. Anne Itto, DATT Assistant Team Leader
- Rebecca Yar Kuc, from "Kony Rot" a Rumbek community based organization
- Pauline Riak, Executive Director SURDA
- Dr. Sittona A. Osman, Managing Director of New Sudan Women's Federation
- Dr. Morris Timothy Ama, Yei Diocese Hospital (Malteser)
- Dr. Samuel Patti, MRDA medical doctor in Mundri
- Suzanne S. Jambo, NESI-Network Desk Officer

4. Individual interviews: shorter interviews to evaluate impact of CAT training for individual women and their perceived impact of the training on civil administration in their area as well as obtain other relevant information on women's health and youth issues.

- Lucy Hindi, CAT, Yambio
- Alice John CAT, Yambio
- Rose Doru, CAT Yei
- Dr. Yatta, Yambio Hospital
- Dr. Clement Khamis, Mundri County Medical Officer for Health Admin.

- John Anthony Black, NSWF Paralegal and Human Rights Activist Officer, Yei
- Oliver, "Come together" Youth group Yei

5. Informal discussions: with CRS staff and various people we met throughout our travels.

- CRS staff in Rumbek, Mapourdit, Yambio, Mundri, Maridi, Yei and Arua (for Kajo-Keji and Nimule)
- Philip Thon Leek, DATT team leader who accompanied us for much of the trip in Sudan
- "Them Ping" women association in Mapourdit 2

## **GUIDELINES FOR GENDER SENSITIVE DATA ANALYSIS**

The establishment of a gender sensitive information system will depend on:

- collecting specific types of data and
- asking the right questions

This will generate information that will make it possible to improve the gender balance of interventions:

### Data collection:

- obtain gender dis-aggregated data for all aspects of the interventions. In the case of GMCB this would mean numbers of women/men who received each type of training, numbers of women/men who gained financial benefit from the activity, number of women/men who reimbursed the loans...). In the case of the CAT training it would be numbers of women/men who fulfilled the selection criteria, women/men admitted in each course, women/men who graduated successfully, women/men who dropped out, women/men who return for follow up training if it is offered...

Questions to be asked and data analysis. This involves going back to the field to get the answers to the questions:

- To what are the differences in the ratio of women/men due?
- Why are some activities more accessible to men or women than others?
- What can be done to redress this situation? This point needs to be actively researched (by consultation with local groups and beneficiaries). It is the basis of improving the gender sensitivity of program and will enable the donors to find strategies to effectively address the gender gap.

### Specific questions concerning income generating activities:

- Is income being generated? if so
  - Are the women actually getting cash in their hands? Do they keep it and control it?
  - If not who does?
  - What are the positive/negative changes brought about by this income?
  - Is being involved in the activity increasing their overall workload? Is the ratio "work effort / income" worth while?
- If no income is being generated:
  - Why?
  - What could be done differently in the future?
  - What have the consequences of the activity been for the woman?
    - Negative (e.g. increased work load, conflict in the home, health problems)
    - Positive (e.g. increased confidence, community recognition, more solidarity between women, time saved, less work, better health...).

### Specific questions concerning training and education:

- What are the economic and social constraints that limit girls/women's access to the education or training? What are the fears? How can they be overcome?
- Are girls/women safe in the training institution? Are they subjected to violence or harassment?
- Are there policies that discriminate against women (e.g. some schools expel pregnant schoolgirls)?
- Is the curriculum reinforcing or challenging gender stereotypes? Is it reinforcing limitations by only training women in traditional women's activities?
- Are girls/women free (and encouraged) to choose the activities that they want? Are they subjected to peer pressure, harassment or ridicule from male students or teachers for choosing non-traditional skills.
- Are the girls/women given equal encouragement and attention?
- Is the training giving girls/women better control over their lives?
- What new challenges have the girls/women overcome?
- What changes in attitude/respect towards the girls/women is apparent?
- What can be set done to transform the situation if problems are identified?

A gender analysis has the potential to translate into action and recommendations for future programs to improve women's ability to access resources and control their lives.

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**ANNEX F**  
**SUMMARY OF ISSUES AND RECOMMENDATIONS**  
**FROM THE WORKSHOP ON ECONOMIC GOOD**  
**GOVERNANCE HELD IN YAMBIO**

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## **WORKSHOP ON ECONOMIC GOOD GOVERNANCE**

### **YAMBIO-NEW SUDAN**

**October 28 to November 3, 1999**

#### **1.0. INTRODUCTION:**

The workshop on Economic Governance which was held in Yambio, New Sudan, during the period 30 October – 3 November 1999 was organized by the Economic Society of the New Sudan (ESNS) in conjunction with the Secretariat of Finance headed by Mr. Arthur Akuien, Secretary in SPLM. The workshop was the second phase of the Economic Governance programme that was recently launched by the Society. The Economic Society of the New Sudan overall objective for conducting the workshop was to assist and provide professional leadership and strategic guidance in the decision making process of all the economic agents (public sector, private Sector, households, producers, consumers, etc) in the country. This was in relationship with the fact that economic governance is one of the fundamentals of participatory democracy and good governance, which are prerequisites of sustainable human development.

- The participants who attended the workshop on economic governance were drawn from different sections of our communities. The five regions of the New Sudan that is, Bahr el Ghazal, Equatoria, Southern Blue Nile, Southern Kordofan and Upper Nile were all represented.

All the groups who attended the workshop were given chance to make presentations. Professional and expert resource persons presented 10 papers on a number of issues. This was besides presentation done by the five Governors and all Commissioners who attended the workshop. The most important part was the presentation by the civil society groups that included: -

- Women groups
- Farmers;
- Cooperative Societies;
- Traders; and
- Youth

This was important because Civil Society includes individuals and groups, organized or unorganized who interact in the social, political and economic domains and who are regulated by formal and informal rules and laws. Civil Society offers a dynamic, multi-layered wealth of perspectives and values that



are necessary at this initial stage of launching economic governance in the New Sudan.

These civil society groups provide a multitude of associations around which society voluntarily organizes itself and which can represent a wide range of interests and ties, through shared professional and developmental pursuits to issues such as environmental protection or human rights.

The ESNS thanks all those who made the workshop possible on Economic Governance to be a reality. The support provided by the USAID, CRS, NPA as well as individuals made the funding to be possible. Our gratitude also goes to all those who attended the workshop as well as their active participation that resulted in the resolutions and recommendations. Our sincere thanks goes to those communities of Yambio who have been working day and night for the successful conclusion of the Workshop.

2.0. This historic and well-attended Workshop on 'Good Economic Governance' in the New Sudan in Yambio was graced by the presence of the Chairman and C-in-C of the SPLM/SPLA, Dr John Garang De Mabior as well as SPLM Secretaries, Regional governors, Commanders, county Commissioners, Academics, members of the organized forces, the civil society, farmers, traders, women and the representatives of the youth.

The Workshop lasted for five days in all and it deliberated on a broad range of issues, including: "Good Economic Governance"; Monetary and Fiscal policies; gender and gender related issues; the role of the organized forces; the civil society; academics; farmers; traders; women and the youth in economic development. The Chairman and C-in-C of the SPLM/SPLA gave the key note address on the vision for Economic Development and Liberation through the "Third Track" mode of development.

At the end of its long, fruitful and exhaustive deliberations, the workshop ended by making crucial resolutions and recommendations on "Good Economic Governance", the most salient of which are:

## **2.0 FINANCIAL & ECONOMIC ISSUES:**

1. The creation of a currency for the New Sudan.
2. The need to avail financial forms to all relevant departments and units
3. Training of staff for the departments of finance and accounts to enable them to follow, and monitor financial performance of all financial institutions of New Sudan.
4. Encouragement of partners in development to buy off the Old Sudanese Pounds and to supply Northern Bahr el Ghazal, south Kordofan and south Blue Nile with relevant (the recommended) currency.
5. The need for a uniform taxation system for the New Sudan.

6. The establishment of finances Houses including banks.
7. Approval of expenditure against budgets.
8. The importance of a common treasury to enhance equitable allocation of revenue and resources.
9. Establishment of a public Service Commission to rationalize employment and employment policies and to maximize the efficient utilization of human resources based on qualifications and merit.
10. The disbursement of foreign assistance through the central treasury
11. Channeling of army funds through the SPLA General Head Quarters
12. Decentralization of fiscal and monetary policies once accepted for implementation.
13. The formation of an Audit Chamber at all levels of government to periodically audit all government accounts.
14. Non-interference with all institutions entrusted with the collection of revenue.
15. The constitution of regional committees to oversee contractual agreements and obligations involving the exploitation of resources by both local and international companies and others.
16. Promulgation of an Investment Act to encourage and provide incentives to local and foreign investors.
17. Collection of income tax from all Sudanese nationals working with NGOS, SINGOs, UN bodies and others.
18. Formulations of a clear export policy to guide the export of products from New Sudan by both public and the private sectors.
19. The enactment of a clear Monetary Policy to regulate financial activities, commerce and trade in the New Sudan.
20. The necessity of having account books and having regular audits to avoid the collection of taxes by unauthorized bodies.
21. Declaration of funds, operations and implementation records by international NGOs working in the New Sudan to ensure that these are in accordance with the policies and laws of the land.
22. Remittance of funds to the secretariat of Finance by all revenue generating authorities in the New Sudan.
23. Allocations of funds to the regions and counties based on clear and fair policies.
24. The collection of taxes; regional and county authorities to collect only those taxes due to them by law and not to interfere with the collections of taxes directly under the Secretariat of Finance.
25. Approval of payments of any kind: These should only be done by authorized personnel of the Secretariat of Finance.
26. Financial Agreements with both international and local entrepreneurs: These are to be conducted under the auspices of the Secretariat of Finance to enhance accountability.
27. Putting in place a system of financial accountability, transparency and reporting to enable the Secretariat of Finance to plan efficiently.
28. Collection, planning, management control of resources, consultancies, NGOs activities and bilateral agreements; to be done by the Secretariat of Finance.

29. Preparation and presentation of annual budgets at the end of every Financial Year by all Secretariats as well as other relevant organs or parties.
30. Support for the formation of the Nile commercial and Nile Credit Management limited. This would among other things do the following:
  - (i) Control currencies including Moines of the NGOs operating in the New Sudan.
  - (ii) Generate money through deposits for investment in agriculture, livestock development, trade, commerce and other vital sectors of the economy.
  - (iii) Support and encourage small businesses, co-operatives and self-help initiatives.
  - (iv) Carry out functions of the Central Bank in the short term including forex bureau services.
31. Transaction of all financial and related matters such as resource utilization, trade, industrial, imports and exports transactions; international and bilateral and economic activities; to be transacted through the Secretariat of Finance and Economic Planning.
32. The need to embark on reconstruction as well as the rehabilitation of economic, social and political structures and other institutions of the New Sudan.
33. The liberation and the monitorization of the economy.
34. Encouragement of the development of the private sectors, micro-economic enterprises and co-operative societies.
35. Establishment of banking system in the New Sudan.

## **2.1. CIVIL AUTHORITY OF THE NEW SUDAN (CANS)**

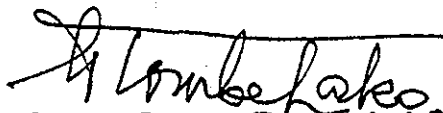
### **2.2. RECOMMENDATIONS:**

Concerning the civil authority of the New Sudan (CANS), the recommendations of the workshop were that:

1. The establishment and consolidation of (CANS) be speeded up.
2. Provision of social services to the civil population be broaden and accelerated.
3. Development of the economy is to be given priority.
4. Creation of a representative government and a fair and just economic development be based on the particularities of war and peace.
5. New Policies and strategies of implementation be designed in order to: enhance sustainable human development, promote economic growth, alleviate and reduce poverty and foster harmonious social-cultural relations.
6. The development of a strong civil society to become co-partners in good economic and civil governance is to be given prompt attention.
7. A Resource Management Commission be established:

8. Provision of energy to trigger industrial development is vital.
9. Policies should be formulated to encourage the development of light-scale industries (cottage industries) in the New Sudan.
10. Women should be involved in the planning and implementation of projects that target them.
11. Policies and affirmative action programmes are designed to encourage and motivate women to get involved in commerce and light-scale industries.
12. Women should be availed with knowledge and facilities to improve their reproductive health.
13. Deliberate effort is to be made to involve women in governance.
14. Equal educational opportunities are to be provided for both the male and the girl-child.
15. Basic social services such as clean water, human and animal health, education, agriculture and roads among others are to be rehabilitated.
16. To rehabilitate trade and manage the economy in general, there is need to provide managerial and other entrepreneurs skills through skills training.
17. Ways and means are to be found to access those parts of the New Sudan that are currently inaccessible such as the Nuba Mountains and southern Blue Nile.
18. A strategy be devised to encourage and attract professionals within and outside to return to New Sudan in order to participate in national liberation, reconstruction and rehabilitation.
19. Rehabilitation of the infrastructure, especially roads, should be given top priority in the development program of Counties. NGOs and other interested donors. This should be encouraged to incorporate infrastructure rehabilitation programs in their projects.
20. Professional and technical committee(s) be formed to act as watchdog(s) and to help formulate clear policies and strategies to avoid the establishment of overlapping, competing and parallel authorities and institutions. The ESNS could play this role.
21. The SPLM and its partners in New Sudan should use resources in an accountable and transparent manner to ensure frugal use of our scarce resources.
22. The New Sudan should be build on the principles of liberty, equality, freedom for all, the right to life, the respect of human rights and the dignity of all before the law irrespective of ethnicity, religion, gender seniority, race or social status.
23. Army road blocks/barriers that interfere with free trade and commercial activities should be removed henceforth.
24. Security should be improved to encourage the internally displaced and refugees to return home.
25. Track three mode of development (Peace through Development) is a laudable policy and must be adopted as a policy of the Movement.
26. Congresses from the Boma upwards should be established quickly in order to pave the way for the formation of regional administrations.
27. All Secretaries be relocated back to the New Sudan with immediate effect.

**Signed:**

A handwritten signature in black ink, appearing to read "G. Tombe Lakoo", written over a horizontal line.

**Professor George Tombe Lakoo,  
President of the Economic Society of New Sudan (ESNS),  
Nairobi-Kenya.**

**December 4, 1999.**

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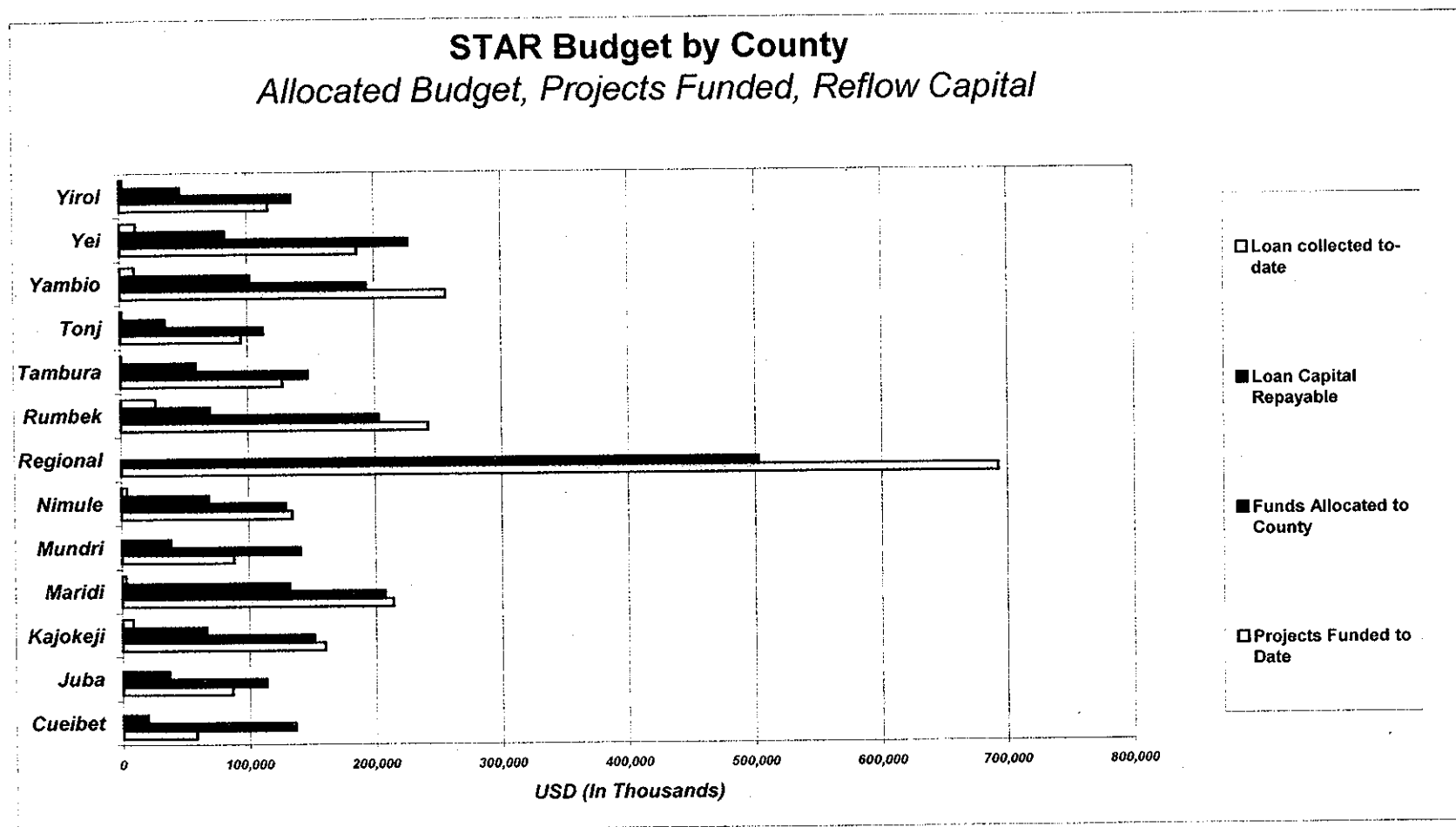
**ANNEX G**

**TABLES PREPARED BY CRS SHOWING STAR LOAN FUND ALLOCATIONS AND REFLows BY COUNTY (IN US \$)**

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County	Projects Funded to Date	Funds Allocated to County	Loan Capital Repayable	Loan collected to-date	Comments
Cueibet	57,791	135,819	19,522	0	
Juba	86,732	113,182	36,631	0	
Kajokeji	159,898	151,082	66,280	8,443	Malujore / UG projects
Maridi	214,250	207,521	132,043	3,150	Farmers Assoc. / G. mill
Mundri	88,353	140,731	38,500	0	
Nimule	134,178	129,206	68,500	4,412	Nimule wholesale
Regional	692,642	502,544	0	0	Regional Projects
Rumbek	242,074	202,976	70,278	27,131	Mill / Rumbek Grain traders / Akuon Shop
Tambura	127,279	147,461	59,313	757	Wholesale/Mamenze mill
Tonj	95,201	112,673	35,296	1,467	Mills/
Yambio	256,317	193,909	102,155	11,251	YAFA, UG, New Mbon, Kpinga
Yei	186,465	227,211	82,616	12,647	IFCS College 40K
Yirol	116,989	135,384	47,521	2,565	
	2,458,170	2,399,699	758,655	71,823	

Data shown are preliminary figures compiled by CRS Staff.



LOAN REFLOWS BY COUNTY BY PROJECT IN US DOLLARS		
No.	Name	Recovered Loan
1	<b>Yei CDC</b>	
	Yei Rural Grinding Mill	2,059
	Yei Commercial Transport Association	1,176
	Ombasi Wholesale (UG)	5,294
	Lomerika Wholesale Association	4,118
	<b>Sub-total</b>	<b>12,647</b>
2	<b>Rumbek CDC</b>	
	Akuon Buoi Cooperative Shop	9,731
	Rumbek Grain Traders Association	11,200
	Rumbek Women Grinding Mill	6,200
	<b>Sub-total</b>	<b>27,131</b>
3	<b>Yambio CDC</b>	
	<i>No breakdown of projects given</i>	<b>11,251</b>
4	<b>Kajokeji CDC</b>	
	Brick Laying Project (UG)	1,941
	Wholesale Shop Project (UG)	5,208
	Malujore Transport	1,294
	<b>Sub-total</b>	<b>8,443</b>
5	<b>Magwi CDC</b>	
	Nimule Wholesale Shop	4,412
	<b>Sub-total</b>	<b>4,412</b>
6	<b>Tonj CDC</b>	
	Thiet Women Grinding Mill	667
	Marial Lou Women Grinding Mill	800
	<b>Sub-total</b>	<b>1,467</b>
7	<b>Tambura CDC</b>	
	Tambura Wholesale Shop	476
	Mamenze Grinding Mill	281
	<b>Sub-total</b>	<b>757</b>
8	<b>Maridi</b>	
	Maridi Women Grinding Mill	3,150
	Maridi Farmers	-
	Ogoocayi Transporters	-
	New Sudan Honey Producers	-
	<b>Sub-total</b>	<b>3,150</b>
9	<b>Yirol CDC</b>	
	Yirol Town Women Grinding mill	2,565
	Mapourdit Women Grinding Mill	
	<b>Sub-total</b>	<b>2,565</b>
	<b>New Counties (Projects to start repayments in August)</b>	
10	Mundri	-
11	Juba	-
12	Cueibet	-
	<b>Sub-total</b>	<b>-</b>
	<b>Total Value of Loans Repaid</b>	<b>71,823</b>